As filed with the Securities and Exchange Commission on May 29, 2024.

File No. 001-42045

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

# Amendment No. 1
# to
# Form 10

**GENERAL FORM**
**FOR REGISTRATION OF SECURITIES**
**Pursuant to Section 12(b) or (g) of**
**the Securities Exchange Act of 1934**

# GRAIL, LLC
**to be converted as described herein into a corporation named**

# GRAIL, Inc.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **86-3673636** |
|---|---|
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |
| **1525 O'Brien Drive**<br>**Menlo Park, California** | **94025** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**Registrant's telephone number, including area code:**
**(833) 694-2553**

*Copies to:*

| | | | |
|---|---|---|---|
| **Illumina, Inc.**<br>**5200 Illumina Way**<br>**San Diego, CA 92122**<br>**(858) 202-4500**<br>**Attn: Charles E. Dadswell,**<br>**General Counsel and Secretary** | **Cravath, Swaine & Moore LLP**<br>**Two Manhattan West**<br>**375 Ninth Avenue**<br>**New York, New York 10001**<br>**(212) 474-1000**<br>**Attn: Andrew J. Pitts**<br>**Ting S. Chen**<br>**Daniel J. Cerqueira** | **GRAIL, Inc.**<br>**1525 O'Brien Drive**<br>**Menlo Park, California**<br>**(833) 694-2553**<br>**Attn: Abram Barth,**<br>**General Counsel**<br>**and Secretary** | **Latham & Watkins LLP**<br>**355 South Grand Avenue, Suite 100**<br>**Los Angeles, California 90071**<br>**(213) 485-1234**<br>**Attn: W. Alex Voxman**<br>**Andrew Clark**<br>**Ross McAloon**<br>**Alexa Berlin** |

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

| **Title of Each Class to be so Registered** | **Name of Each Exchange on Which Each Class is to be Registered** |
|---|---|
| **Common stock, par value $0.001 per share** | **The Nasdaq Stock Market LLC** |

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

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

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

If an emerging growth company, indicate by checkmark 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. ☒

## EXPLANATORY NOTE

GRAIL, LLC, the registrant whose name appears on the cover of this Form 10 registration statement, is a Delaware limited liability company. Immediately prior to the completion of the Spin-Off, GRAIL, LLC will be converted into a Delaware corporation and will be renamed GRAIL, Inc. References to "GRAIL" in this Form 10 registration statement are to GRAIL, LLC prior to the effective time of such conversion and to GRAIL, Inc. on and after the effective time of such conversion.

GRAIL is a wholly owned subsidiary of Illumina, Inc. ("Illumina"). On August 18, 2021, Illumina acquired GRAIL. The acquisition is subject to ongoing legal proceedings and, on September 6, 2022, the European Commission adopted an order prohibiting Illumina's acquisition of GRAIL. On October 12, 2023, the European Commission adopted a decision requiring Illumina to divest GRAIL and imposing transitional measures providing that GRAIL must be held and operated separately and independently from Illumina.

**GRAIL, LLC**
**Information Required in Registration Statement**
**Cross-Reference Sheet Between the Information Statement and Items of Form 10**

This Registration Statement on Form 10 incorporates by reference information contained in our Information Statement filed as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in the Information Statement.

| Item No. | Caption | Location in Information Statement |
|---|---|---|
| 1. | Business | See "Summary," "Risk Factors," "Cautionary Statement Concerning Forward-Looking Statements," "The Spin-Off," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Where You Can Find More Information" |
| 1A. | Risk Factors | See "Summary," "Risk Factors," and "Cautionary Statement Concerning Forward-Looking Statements" |
| 2. | Financial Information | See "Summary," "Risk Factors," "Capitalization," "Selected Historical Financial Data," "Unaudited Pro Forma Condensed Consolidated Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Index to Consolidated Financial Statements" |
| 3. | Properties | See "Business—Properties" |
| 4. | Security Ownership of Certain Beneficial Owners and Management | See "Security Ownership of Certain Beneficial Owners and Management" |
| 5. | Directors and Executive Officers | See "Management" |
| 6. | Executive Compensation | See "Management" and "Executive Compensation" |
| 7. | Certain Relationships and Related Transactions, and Director Independence | See "Risk Factors," "The Spin-Off," "Management," and "Certain Relationships and Related Party Transactions" |
| 8. | Legal Proceedings | See "Business—Legal Proceedings" |
| 9. | Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters | See "Summary," "The Spin-Off," "Dividend Policy," "Security Ownership of Certain Beneficial Owners and Management," and "Description of Our Capital Stock" |
| 10. | Recent Sales of Unregistered Securities | See "Description of Our Capital Stock" |
| 11. | Description of Registrant's Securities to be Registered | See "Description of Our Capital Stock" |

| Item No. | Caption | Location in Information Statement |
|---|---|---|
| 12. | Indemnification of Directors and Officers | See "Description of Our Capital Stock" and "Certain Relationships and Related Party Transactions—Agreements with Illumina—Separation and Distribution Agreement" |
| 13. | Financial Statements and Supplementary Data | See "Summary," "Selected Historical Financial Data," "Unaudited Pro Forma Condensed Consolidated Financial Statements," and "Index to Consolidated Financial Statements" and the consolidated financial statements referenced therein |
| 14. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | Not applicable |
| 15. | Financial Statements and Exhibits | (a) Consolidated Financial Statements<br>See "Unaudited Pro Forma Condensed Consolidated Financial Statements" and "Index to Consolidated Financial Statements" and the consolidated financial statements referenced therein<br>(b) Exhibits<br>See below |

The following documents are filed as exhibits hereto:

| Exhibit Number | Exhibit Description |
|---|---|
| 2.1 | Form of Separation and Distribution Agreement between GRAIL, LLC and Illumina, Inc. |
| 3.1 | Form of Certificate of Incorporation of GRAIL, Inc. * |
| 3.2 | Form of Bylaws of GRAIL, Inc. * |
| 3.3 | Form of Certificate of Conversion * |
| 10.1 | Form of Tax Matters Agreement between GRAIL, LLC and Illumina, Inc.* |
| 10.2 | Form of Employee Matters Agreement between GRAIL, LLC and Illumina, Inc. * |
| 10.3 | Form of Stockholder and Registration Rights Agreement between GRAIL, LLC and Illumina, Inc. * |
| 10.4 | Agreement and Plan of Merger, dated as of September 20, 2020, among Illumina, Inc., SDG Ops, Inc., SDG Ops, LLC and GRAIL, Inc. * |
| 10.5 | Amendment to the Agreement and Plan of Merger, dated as of September 20, 2020, among Illumina, Inc., SDG Ops, Inc., SDG Ops, LLC and GRAIL, Inc., dated as of February 4, 2021 * |
| 10.6 | Amended and Restated Supply and Commercialization Agreement, dated as of February 28, 2017, by and between Illumina, Inc. and GRAIL, Inc., as amended on September 27, 2017, August 18, 2021 and on May 18, 2023# * |
| 10.7 | Form of Fourth Amendment to the Amended and Restated Supply and Commercialization Agreement by and between Illumina, Inc. and GRAIL, LLC# * |
| 10.8 | Form of 2024 Incentive Award Plan+ |
| 10.9 | Form of Restricted Stock Unit Agreement+ |
| 10.10 | Form of Stock Option Agreement+ |
| 10.11 | Form of Indemnification Agreement between GRAIL, LLC and each of its directors and executive officers+ |
| 10.12 | Form of 2024 Employee Stock Purchase Plan+ |
| 10.13 | Form of Cash-Based Equity Appreciation Award Agreement+ |
| 10.14 | Employment Offer Letter, between GRAIL, LLC and Robert Ragusa, dated October 14, 2021+ |
| 10.15 | Letter Agreement, between GRAIL, Inc. and Aaron Freidin, dated July 5, 2018+ |
| 10.16 | Employment Offer Letter, between GRAIL, Inc. and Josh Ofman, dated May 13, 2019+ |
| 10.17 | License Agreement by and between The Chinese University of Hong Kong and Cirina Limited (No. TC1510005), dated as of April 7, 2016, as amended May 29, 2017# |
| 10.18 | License Agreement by and between The Chinese University of Hong Kong and Cirina Limited (No. TC1510006), dated as of April 7, 2016, as amended May 29, 2017# |
| 10.19 | License Agreement by and between The Chinese University of Hong Kong and Cirina Limited (No. TC1711655), dated as of May 29, 2017# |
| 10.20 | License Agreement by and between The Chinese University of Hong Kong and Cirina Limited (No. TC1711656), dated as of May 29, 2017# |
| 10.21 | License Agreement by and between The Chinese University of Hong Kong and Cirina Limited (No. TC1711657), dated as of May 29, 2017# |
| 10.22 | Lease by and between MENLO PREHC I, LLC, MENLO PREPI I, LLC, TPI Investors 9, LLC and GRAIL, Inc., dated as of May 5, 2016 |
| 10.23 | First Amendment to Lease among MENLO PREHC I, LLC, MENLO PREPI I, LLC, TPI Investors 9, LLC and GRAIL, Inc., dated as of June 8, 2017 |
| 10.24 | Lease Agreement by and between PP Office Owner 1, L.P. and GRAIL, Inc., dated as of June 4, 2020 |
| 21.1 | List of subsidiaries of GRAIL, Inc. * |
| 99.1 | Preliminary Information Statement of GRAIL, LLC, subject to completion, dated May 29, 2024 |

* Previously filed.

+ Indicates management contract or compensatory plan.

# Pursuant to Item 601(b)(10) of Regulation S-K, portions of this exhibit have been omitted as the registrant has determined that the omitted information is (i) not material and (ii) the type of information that the registrant customarily and actually treats as private or confidential.

**SIGNATURE**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement on Form 10 to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAIL, LLC

By: /s/ Robert Ragusa
Name: Robert Ragusa
Title: Chief Executive Officer

Dated: May 29, 2024

**FORM OF SEPARATION AND DISTRIBUTION AGREEMENT**

**BY AND BETWEEN**

**ILLUMINA, INC.**

**AND**

**GRAIL, LLC**
(to be converted into GRAIL, INC.)

**DATED AS OF [ ]**

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**Exhibits**

| | |
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| Exhibit [A] | Employee Matters Agreement |
| Exhibit [B] | Registration Rights Agreement |
| Exhibit [C] | Supply Agreement Amendment |
| Exhibit [D] | Tax Matters Agreement |
| Exhibit [E] | GRAIL Certificate of Incorporation |
| Exhibit [F] | GRAIL Bylaws |

**FORM OF SEPARATION AND DISTRIBUTION AGREEMENT**

This SEPARATION AND DISTRIBUTION AGREEMENT is entered into as of [ ] (this "Agreement"), by and between Illumina, Inc., a Delaware corporation ("Illumina"), and GRAIL, LLC, a wholly owned subsidiary of Illumina and a Delaware limited liability company ("GRAIL LLC"), to be converted to a corporation and renamed GRAIL, Inc. prior to the Distribution Date ("GRAIL"). Illumina and GRAIL are each a "Party" and are sometimes referred to herein collectively as the "Parties". References to GRAIL shall be deemed to include, for all periods prior to the GRAIL Conversion, GRAIL LLC. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

**R E C I T A L S**

**WHEREAS**, Illumina owns the entire limited liability company interest of GRAIL LLC;

**WHEREAS**, Illumina and GRAIL entered into an Agreement and Plan of Merger, dated as of September 20, 2020, by and among Illumina, SDG Ops, Inc., SDG Ops, LLC and GRAIL, pursuant to which GRAIL became a wholly owned subsidiary of Illumina (the "Original Transaction");

**WHEREAS**, since the closing of the Original Transaction on August 18, 2021, GRAIL has been held and operated separately and independently from Illumina pursuant to the transitional measures ordered by the European Commission in the Divestment Decision (defined below);

**WHEREAS**, on October 12, 2023, the European Commission adopted a decision in connection with Case M.10939 requiring Illumina to divest the ownership interest it acquired in GRAIL pursuant to the Original Transaction (the "Divestment Decision");

**WHEREAS**, it is the intention of the Parties that following the Separation and prior to the Distribution, GRAIL will be converted from a Delaware limited liability company into a Delaware corporation in accordance with Section 18-216 of the Delaware Limited Liability Company Act and Section 265 of the Delaware General Corporation Law (the "GRAIL Conversion");

**WHEREAS**, the Board of Directors of Illumina (the "Illumina Board") determined on careful review and consideration that the separation of GRAIL from Illumina and the establishment of GRAIL as a separate, publicly traded company to operate the GRAIL Business is in the best interests of Illumina;

**WHEREAS**, in furtherance of the foregoing, the Illumina Board has determined that it is appropriate and desirable to separate the GRAIL Business from the Illumina Business (the "Separation") and, following the Separation, to make a distribution of the GRAIL Business to the holders of common stock, par value $0.01 per share, of Illumina (the "Illumina Stock") on the Record Date through the distribution of [ ]% of the outstanding shares of GRAIL Stock to holders of Illumina Stock on the Record Date on a pro rata basis (the "Distribution"), in each case, on the terms and conditions set forth in this Agreement;

[**WHEREAS**, immediately following the Distribution, Illumina will hold [ ]% of the outstanding shares of GRAIL Stock (the "Retained Stock");]

**WHEREAS**, Illumina and GRAIL have prepared, and GRAIL has filed with the SEC, the Form 10, which includes the Information Statement, and which sets forth certain disclosure concerning GRAIL, the Separation and the Distribution;

**WHEREAS**, each of Illumina and GRAIL has determined that it is appropriate and desirable to set forth in this Agreement certain agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Illumina, GRAIL and the members of their respective Groups following the Distribution; and

**WHEREAS**, the Parties intend that the Distribution, together with certain related transactions, will qualify for the Intended Tax Treatment.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.1. **Definitions**. For the purpose of this Agreement, the following terms shall have the following meanings:

"AAA" shall have the meaning set forth in Section 9.3(a).

"AAA Rules" shall have the meaning set forth in Section 9.3(a).

"Action" means any complaint, petition, hearing, charge, demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any Governmental Authority or in any arbitration or mediation tribunal.

"Affiliate" means, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this Agreement (excluding, for the avoidance of doubt, the definition of "GRAIL Change of Control"), "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that for purposes of this Agreement and the Ancillary Agreements (i) from and after the Effective Time, no member of the GRAIL Group shall be deemed to be an Affiliate of any member of the Illumina Group, (ii) from and after the Effective Time, no member of the Illumina Group shall be deemed to be an Affiliate of any member of the GRAIL Group and (iii) no member of the GRAIL Group or Illumina Group shall be deemed to be an Affiliate of the Monitoring Trustee or the European Commission.

"Agent" means Computershare Trust Company, N.A., as the distribution agent appointed by Illumina to distribute [ ]% of the outstanding shares of GRAIL Stock to the stockholders of Illumina pursuant to the Distribution.

"Agreement" shall have the meaning set forth in the Preamble.

"Amended Financial Report" shall have the meaning set forth in Section 6.8(b).

"Ancillary Agreements" means all Contracts entered into by the Parties or the members of their respective Groups in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, including the Employee Matters Agreement, the Tax Matters Agreement, the Registration Rights Agreement and the Supply Agreement Amendment.

"Approvals or Notifications" means any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

"Assets" means assets, properties, claims and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of the applicable Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement, other than Tax assets (including any Tax items, attributes or rights to receive any Tax refund, credits or other items that cause a reduction in any otherwise required liability for Taxes).

"Business Day" means any day that is not a Saturday, Sunday or any other day on which banking institutions located in New York, New York are required or authorized by Law to be closed.

"Code" means the Internal Revenue Code of 1986.

"Contract" means any written, oral, implied or other contract, agreement, covenant, lease, license, guaranty, indemnity, representation, warranty, assignment, sales order, purchase order, power of attorney, instrument or other commitment, assurance, undertaking or arrangement that is binding on any Person or entity or any part of its property under applicable Law.

"CVR Agreement" means that certain Contingent Value Rights Agreement, dated as of August 18, 2021, by and among Illumina, Inc., Computershare Trust Company, N.A., as Trustee, and Shareholder Representative Services LLC, as Holder Representative.

"CVR Liabilities" shall mean any and all obligations of Illumina under the CVR Agreement, including the obligation to make Covered Revenues Payments (as defined in, and pursuant to, the CVR Agreement).

"Direct Claim" shall have the meaning set forth in Section 5.6(b).

"Disclosure Document" shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the GRAIL Group or primarily relates to the transactions contemplated hereby, including the Separation and the Distribution.

"Disposal Funding" shall have the meaning set forth in Section 3.1.

"Disposal Funding Period" shall mean the period beginning at the Effective Time and ending at 12:01 a.m., New York time, on the date which is 30 months after the Distribution Date.

"Dispute" shall mean any dispute, controversy or claim arising out of or relating to this Agreement or the Ancillary Agreements, including with respect to (i) the validity, interpretation, performance, breach or termination thereof or (ii) whether any Asset or Liability not specifically characterized in this Agreement or its Schedules, whose proper characterization is disputed, is a GRAIL Asset, Illumina Asset, GRAIL Liability or Illumina Liability.

"Dispute Committee" shall have the meaning set forth in Section 9.2.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" means the date on which Illumina, through the Agent, distributes [[ ]% of the issued and outstanding shares of] GRAIL Stock to holders of Illumina Stock in the Distribution.

"Divestment Decision" shall have the meaning set forth in the Recitals.

"Effective Time" means 12:01 a.m. New York time, or such other time as Illumina may determine, on the Distribution Date.

"Employee Matters Agreement" means that certain Employee Matters Agreement substantially in the form attached hereto as Exhibit [A], to be entered into between Illumina and GRAIL or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as such agreement may be modified or amended from time to time in accordance with its terms.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, together with the rules and regulations promulgated thereunder, as the same shall be in effect at the time reference is made thereto.

"First Post-Distribution Report" shall have the meaning set forth in Section 9.11.

"Fiscal Period" means each quarterly fiscal period of Illumina (as of the Effective Time, the thirteen (13) or fourteen (14) weeks ending the Sunday closest to March 31, June 30, September 30 or December 31 of any calendar year).

"Force Majeure" means, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not have been reasonably foreseen by such Party (or such Person) or, if it could have been reasonably foreseen, was unavoidable, and includes acts of God, storms, floods, riots, labor unrest, pandemics, nuclear incidents, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities, or other national or international calamity or one or more acts of terrorism or failure of energy sources or distribution or transportation facilities. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto shall not be deemed an event of Force Majeure.

"Form 10" means the registration statement on Form 10-12B (File No. 377-06991) filed by GRAIL with the SEC to effect the registration of the GRAIL Stock pursuant to Section 12(b) of the Exchange Act in connection with the Distribution, including any amendments or supplements thereto.

"Governmental Approvals" means any notices or reports to be submitted to, or other filings to be made with, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" means any nation or government, any state, province, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, provincial, regional, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any official thereof.

"GRAIL" shall have the meaning set forth in the Preamble.

"GRAIL Assets" shall have the meaning set forth in Section 2.1(a).

"GRAIL Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted by GRAIL and its Subsidiaries prior to the Effective Time, but not including the business and operations conducted by Illumina and its Subsidiaries (other than GRAIL and its Subsidiaries).

"GRAIL Bylaws" shall have the meaning set forth in Section 4.1(f).

"GRAIL Certificate of Incorporation" shall have the meaning set forth in Section 4.1(f).

"GRAIL Change of Control" shall mean (a) the taking of any action by any Person or "group" (within the meaning of the Exchange Act) that results in such Person or "group" becoming the owner, directly or indirectly, beneficially or of record, of outstanding shares of capital stock or other equity or voting interests representing 50% or more of the aggregate voting power of GRAIL (measured by voting power rather than number of shares), (b) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of GRAIL and its subsidiaries, taken as a whole, other than sales, leases, transfers, conveyances or other dispositions to a wholly-owned subsidiary of GRAIL, (c) a merger, consolidation,

amalgamation, share exchange, business combination, recapitalization or similar transaction involving GRAIL pursuant to which any of the outstanding aggregate voting power of GRAIL is converted into or exchanged for cash, securities or other property, other than any such transaction where the aggregate voting power of GRAIL outstanding immediately prior to such transaction constitute, or is converted into or exchanged for, a majority of the outstanding aggregate voting power of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction (measured by voting power rather than number of shares) or (d) the adoption of a plan relating to the liquidation or dissolution of GRAIL; provided that, for the avoidance of doubt, no GRAIL Change of Control shall result from any transfer of Retained Stock by Illumina to a Person or "group" (within the meaning of the Exchange Act) which would result in such Person or "group" beneficially owning 50% or more of the aggregate voting power of GRAIL (measured by voting power rather than number of shares), other than any transfer resulting from a merger of GRAIL.

"GRAIL Change of Control Repayment" shall have the meaning set forth in Section 3.2(b).

"GRAIL Conversion" shall have the meaning set forth in the Recitals.

"GRAIL Group" means (a) GRAIL and (b) each Subsidiary of GRAIL.

"GRAIL Indemnitees" shall have the meaning set forth in Section 5.2(a).

"GRAIL Liabilities" shall have the meaning set forth in Section 2.1(c).

"GRAIL LLC" shall have the meaning set forth in the Preamble.

"GRAIL Stock" means the common stock, par value $0.001 per share, of GRAIL following the GRAIL Conversion.

"Group" means either the Illumina Group or the GRAIL Group, as the context requires.

"Huber Agreement" means that certain Transition Agreement, dated as of October 12, 2017, by and between GRAIL and Jeffrey T. Huber, as amended by the Amendment to Transition Agreement, effective as of August 27, 2020 (and, for the avoidance of doubt, not as otherwise amended, supplemented, restated or otherwise modified).

"Huber Liability" shall mean the obligation to pay the Incentive Award upon the occurrence of the Qualifying Event (each as defined in, and pursuant to, the Huber Agreement) described in Section 6(a)(i) of the Huber Agreement.

"Illumina" shall have the meaning set forth in the Preamble.

"Illumina Assets" shall have the meaning set forth in Section 2.1(b).

"Illumina Board" shall have the meaning set forth in the Recitals.

"Illumina Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted by Illumina and its Subsidiaries (other than GRAIL and its Subsidiaries) prior to the Effective Time, but not including the business and operations conducted by GRAIL and its Subsidiaries.

"Illumina Contribution Amount" shall have the meaning set forth in Section 3.1.

"Illumina Group" means (a) Illumina and (b) each Subsidiary of Illumina other than GRAIL and its Subsidiaries.

"Illumina Indemnitees" shall have the meaning set forth in Section 5.3.

"Illumina Liabilities" shall have the meaning set forth in Section 2.1(d).

"Illumina Stock" shall have the meaning set forth in the Recitals.

"Indemnifying Party" shall have the meaning set forth in Section 5.4(a).

"Indemnitee" shall have the meaning set forth in Section 5.4(a).

"Indemnity Payment" shall have the meaning set forth in Section 5.4(a).

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium and regardless of location (including held by any Person), including technology, formulae, algorithms, procedures, methods, research and development, tools, materials, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, all customized applications, completely developed applications and modifications to commercial applications, all recordings, graphs, technical, financial, employee or business information or data, studies, reports, analyses and other writings, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, tapes, computer programs or other software, marketing plans, customer names and records, supplier names and records, customer and supplier lists, customer and vendor data or correspondence, communications by or to attorneys (including any Privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other financial employee or business information or data, files, papers, tapes, keys, correspondence, plans, invoices, forms, product data and literature, promotional and advertising materials, operating manuals, instructional documents, quality records and regulatory and compliance records.

"Information Statement" means the Information Statement attached as an exhibit to the Form 10 and any related documents to be provided to the holders of Illumina Stock in connection with the Distribution, including any amendment or supplement thereto.

"Initial Notice" shall have the meaning set forth in Section 9.2.

"Insurance Proceeds" means those monies: (a) received by an insured Person from any insurer, insurance underwriter, mutual protection and indemnity club or other risk collective; or (b) paid on behalf of an insured Person by any insurer, insurance underwriter, mutual protection and indemnity club or other risk collective, on behalf of the insured, in either such case net of any costs or expenses incurred in the collection thereof and net of any increase in insurance premiums (including retro-premium adjustments); provided, however, that with respect to a captive insurance arrangement, Insurance Proceeds shall only include net amounts received by the captive insurer from a Third Party in respect of any captive reinsurance arrangement.

"Intended Tax Treatment" shall have the meaning set forth in the Tax Matters Agreement.

"Joint Defense and Confidentiality Agreements" means (a) that certain Joint Defense and Confidentiality Agreement, by and among Cravath, Swaine & Moore LLP, Latham & Watkins, LLP and Cleary Gottlieb Steen & Hamilton, LLP, effective as of September 29, 2020, and (b) that certain Joint Defense and Confidentiality Agreement, by and between Illumina and GRAIL effective as of August 15, 2023.

"Law" means any national, supranational, federal, state, provincial, regional, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other legally enforceable requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" means any and all indebtedness for borrowed money, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, reimbursement obligations in respect of letters of credit, damages, payments, fines, penalties, claims, settlements, judgments, sanctions, costs, expenses, interest and

obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, reflected on a balance sheet or otherwise, or determined or determinable, including those arising under any Law, Action (including any Third-Party Claim), or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any Contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking or terms of employment, whether imposed or sought to be imposed by a Governmental Authority, another third Person, or a Party, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, in each case, including all costs, expenses, interest, attorneys' fees, disbursements and expenses of counsel, expert and consulting fees and costs related thereto or to the investigation or defense thereof, in each case (a) including any fines, damages or equitable relief that is imposed in connection therewith and (b) other than Taxes.

"Losses" means any and all damages, losses (including diminution in value), deficiencies, liabilities, obligations, penalties, judgments, settlements, claims, payments, interest costs, fines and expenses (including the costs and expenses of any and all Actions and assessments, judgments, settlements and compromises relating thereto and attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement rights hereunder), whether or not involving a Third-Party Claim, other than Taxes.

"Monitoring Trustee" means one or more natural or legal person(s) who is approved by the European Commission and appointed by Illumina, and who has or have the duty to monitor Illumina's compliance with the Divestment Decision. The initial Monitoring Trustee shall be Mazars LLP.

"Nasdaq" means The NASDAQ Global Select Market.

"NDA Side Agreement" shall have the meaning set forth in Schedule 5.1(c)(i).

"Original Transaction" shall have the meaning set forth in the Recitals.

"Parties" or "Party" shall have the meaning set forth in the Preamble.

"Person" means any individual, general or limited partnership, corporation, business trust, joint venture, association, company, limited liability company, unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Prime Rate" shall mean the rate that Bloomberg displays as "Prime Rate by Country United States" on a Bloomberg terminal at PRIMBB Index.

"Privileged Information" means any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which any member of the GRAIL Group or the Illumina Group, respectively, would be entitled to assert or have attorney-client or attorney work product privileges (each a "Privilege").

"Record Date" means 5:00 p.m., New York time, on the date to be determined by the Illumina Board as the record date for determining stockholders of Illumina entitled to receive shares of GRAIL Stock in the Distribution.

"Record Holders" means the holders of record of Illumina Stock as of the Record Date.

"Registration Rights Agreement" means that certain Stockholder and Registration Rights Agreement substantially in the form attached hereto as Exhibit [B], to be entered into between Illumina and GRAIL in connection with the treatment of the Retained Stock and the other transactions contemplated by this Agreement, as such agreement may be modified or amended from time to time in accordance with its terms.

"Representatives" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"Restricted Period" means the period beginning at the Effective Time and ending at 12:01 a.m., New York time, on the 15-month anniversary of the Distribution Date.

["Retained Stock" shall have the meaning set forth in the Recitals.]

"SEC" means the U.S. Securities and Exchange Commission.

"Separation" shall have the meaning set forth in the Recitals.

"Specified Illumina Account" means the account with details as set forth on Section 3.2(a).

"Specified Party" shall have the meaning set forth in Section 2.2.

"Specified Transactions" shall have the meaning set forth in Section 3.2(a).

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns or controls, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Person, (ii) the total combined equity interests of such Person or (iii) the capital or profit interests, in the case of a partnership of such Person, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body of such Person. For the avoidance of doubt, references to the Subsidiaries of Illumina shall not include GRAIL and its Subsidiaries from and after the Effective Time.

"Supply Agreement" means that certain Amended and Restated Supply and Commercialization Agreement, effective as of February 28, 2017, by and between Illumina and GRAIL, as amended by the First Amendment to Amended and Restated Supply and Commercialization Agreement, effective as of September 27, 2017, the Second Amendment to Amended and Restated Supply and Commercialization Agreement, effective as of August 18, 2021, and the Third Amendment to Amended and Restated Supply and Commercialization Agreement, effective as of May 18, 2023.

"Supply Agreement Amendment" means that certain Fourth Amendment to the Supply Agreement substantially in the form attached hereto as Exhibit [C], to be entered into between Illumina and GRAIL in connection with the transactions contemplated by this Agreement, providing for the irrevocable waiver of certain payment obligations of GRAIL to Illumina in certain circumstances specified therein, as such agreement may be modified or amended from time to time in accordance with its terms.

"Tax" shall have the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" means that certain Tax Matters Agreement substantially in the form attached hereto as Exhibit [D], to be entered into between Illumina and GRAIL in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as such agreement may be modified or amended from time to time in accordance with its terms.

"Third Party" shall have the meaning set forth in Section 5.5(a).

"Third-Party Claim" shall have the meaning set forth in Section 5.5(a).

Section 1.2. **Interpretation**. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," "herewith" and words of similar import, and the terms "Agreement" and "Ancillary Agreement" shall, unless otherwise stated, be construed to refer to this Agreement or the applicable Ancillary Agreement as a whole (including all of the Schedules, Exhibits, Annexes and

Appendices hereto and thereto) and not to any particular provision of this Agreement or such Ancillary Agreement; (c) Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) the word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean "including, without limitation"; (e) the word "or" shall not be exclusive; (f) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," and words of similar import shall all be references to the date first stated in the preamble to this Agreement, regardless of any amendment or restatement hereof; (g) unless otherwise provided, all references to "$" or "dollars" are to United States dollars; (h) references to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms, and if the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability; (i) any Contract, instrument or Law defined or referred to herein or in any Contract or instrument that is referred to herein means such Contract, instrument or Law as from time to time amended, modified or supplemented, including (in the case of Contracts or instruments) by waiver or consent and (in the case of Laws) by succession of comparable successor Laws and references to all attachments thereto and instruments incorporated therein; (j) references to a Person are also to its permitted successors and assigns; (k) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement or the applicable Ancillary Agreement; (l) all terms defined in this Agreement have the defined meanings when used in any certificate or other document delivered or made available pursuant hereto, unless otherwise defined therein; (m) references to "day" or "days" are to calendar days unless otherwise specified; and (n) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded.

## ARTICLE II

## SEPARATION

Section 2.1. **Allocation of GRAIL Assets, Illumina Assets, GRAIL Liabilities and Illumina Liabilities**. (a) Following the Separation, GRAIL shall retain all Assets held by the members of its Group as of the Separation, which, for the avoidance of doubt, shall not include any Assets retained by Illumina (collectively, the "GRAIL Assets").

(b) Following the Separation, Illumina shall retain all Assets held by the members of its Group as of the Separation (collectively, the "Illumina Assets").

(c) Following the Separation, GRAIL shall retain any and all Liabilities (including any Liabilities based upon, relating to or arising out of the Huber Agreement but subject to Section 5.2(b)) held by the members of its Group as of the Separation, which, for the avoidance of doubt, shall not include any Liabilities retained by Illumina, and any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed by GRAIL or any other member of the GRAIL Group, and all agreements, obligations, and Liabilities of any member of the GRAIL Group under this Agreement or any of the Ancillary Agreements (collectively, the "GRAIL Liabilities").

(d) Following the Separation, Illumina shall retain any and all Liabilities (including the CVR Liabilities) held by the members of its Group as of the Separation other than the GRAIL Liabilities and any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed by Illumina or any other member of the Illumina Group, and all agreements, obligations, and Liabilities of any member of the Illumina Group under this Agreement or any of the Ancillary Agreements (collectively, the "Illumina Liabilities").

(e) From the date hereof until the Separation, Illumina shall not transfer any Liabilities to the GRAIL Group or transfer any Assets from the GRAIL Group without the written consent of GRAIL unless expressly required or expressly contemplated by an Ancillary Agreement or the Divestment Decision.

Section 2.2. **Misdirected Payments**. Following the Separation, as between GRAIL and Illumina (for purposes of this Section 2.2, each a "Specified Party") (and the members of their respective Groups), all payments made to and reimbursements received by either Specified Party (or any member of its Group), in each case after the Effective Time, that arise out of an obligation in respect of a business, Asset or Liability of the other Specified Party (or any member of such other Specified Party's Group) and that were intended to be sent to a member of the other Group, shall be promptly (and in any event within five (5) Business Days) delivered to the other Specified Party, and until such delivery held in trust by the recipient Specified Party for the use and benefit of the other Specified Party (or member of such other Specified Party's Group entitled thereto) (at the expense of the party entitled thereto). Notwithstanding the foregoing, neither Specified Party (nor any of the members of its Group) shall act as collection agent for the other Specified Party (or any of the members of its Group), nor shall either Specified Party (or any members of its Group) act as surety or endorser with respect to non-sufficient funds checks, or funds to be returned in a bankruptcy or fraudulent conveyance action.

Section 2.3. **Disclaimer of Representations and Warranties**. EACH OF ILLUMINA (ON BEHALF OF ITSELF AND EACH MEMBER OF THE ILLUMINA GROUP) AND GRAIL (ON BEHALF OF ITSELF AND EACH MEMBER OF THE GRAIL GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED, ASSUMED OR LICENSED AS CONTEMPLATED HEREBY OR THEREBY (INCLUDING ANY ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED, ASSUMED OR LICENSED UNDER THIS ARTICLE II), AS TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, AS TO, IN THE CASE OF INTELLECTUAL PROPERTY, NON-INFRINGEMENT OR ANY WARRANTY THAT ANY SUCH INTELLECTUAL PROPERTY IS "ERROR FREE," OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SET-OFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED OR LICENSED, AS APPLICABLE, ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, EXCEPT AS OTHERWISE AGREED, BY MEANS OF A QUITCLAIM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

## ARTICLE III

## DISPOSAL FUNDING

Section 3.1. **Contribution of Disposal Funding**. At or prior to the Effective Time, Illumina shall, by wire transfer of same-day funds to an account designated in writing by GRAIL, contribute to GRAIL an amount (the "Illumina Contribution Amount"), in cash, (a) as set forth on Schedule 3.1(a) (such amount, the "Disposal Funding"), less (b) any cash held by GRAIL at the Effective Time.

Section 3.2. **Clawback**. (a) In the event that, during the Restricted Period and not in connection with a GRAIL Change of Control (in relation to which Section 3.2(b) exclusively applies), GRAIL (i) pays any dividend on, or makes any other distribution in respect of, any shares of its capital stock or other equity or voting interests (other than a stock dividend or a stock split), or otherwise consummates a return of capital from GRAIL to any of its equityholders or (ii) redeems, purchases or otherwise acquires any of its outstanding shares of capital stock or other equity or voting interests (in each case for this clause (ii), other than the acquisition of any shares in order to effectuate a "net settlement" transaction for the purposes of satisfying Tax withholding obligations arising in connection with the grant, vesting, exercise and/or settlement of any outstanding incentive equity awards of GRAIL held by its current or former employees) (clauses (i) and (ii), together, "Specified Transactions"), then GRAIL shall, subject to Section 3.2(d), by wire transfer of same-day funds to the Specified Illumina Account or such other account designated in writing by Illumina prior to such date, simultaneously with taking such action, pay to Illumina or cause to be paid to Illumina a cash amount equal to, without duplication, the aggregate amount of payments to equityholders as a result of or in connection with such Specified Transactions.

(b) Concurrently with the consummation of a GRAIL Change of Control during the Restricted Period (or within five (5) Business Days of GRAIL becoming aware of the consummation of such GRAIL Change of Control if the GRAIL Group had not previously entered into a Contract with respect to such GRAIL Change of Control transaction), GRAIL shall, subject to Section 3.2(d), by wire transfer of same-day funds to the Specified Illumina Account or such other account designated in writing by Illumina prior to such date, pay to Illumina or cause to be paid to Illumina a cash amount equal to (i) 0.5 multiplied by (ii) (A) the product of (x) the aggregate amount of Disposal Funding set forth on Schedule 3.1(a) and (y) the difference of 15 minus the number of months (prorated for any partial month) which have elapsed since the Distribution Date at the time of the public announcement of the event giving rise to the GRAIL Change of Control (e.g., the public announcement accompanying the execution of an acquisition agreement by GRAIL), divided by (B) 15 (any such payment, a "GRAIL Change of Control Repayment").

(c) GRAIL shall immediately notify Illumina of the consummation of a GRAIL Change of Control (or promptly, but in any event within forty-eighty (48) hours after becoming aware of such fact).

(d) In no event shall GRAIL be required to pay or cause to be paid to Illumina aggregate amounts pursuant to this Section 3.2 that exceed the Illumina Contribution Amount. Upon the payment in full of a GRAIL Change of Control Repayment, GRAIL or any successor entity thereto shall have no further payment obligations to Illumina pursuant to this Section 3.2.

(e) Each of the Parties acknowledges that (i) the agreements contained in this Section 3.2 are an integral part of this Agreement, (ii) the agreements contained in this Section 3.2 are neither a penalty nor liquidated damages, but rather are meant to compensate Illumina if GRAIL uses the Disposal Funding for a purpose inconsistent with the aims of the Divestment Decision, (iii) the agreements contained in this Section 3.2 have been expressly approved by the European Commission as satisfying the goals of the Divestment Decision and (iv) without these agreements, the other Party would not enter into this Agreement. Accordingly, each Party agrees that it will not, directly or indirectly, contest the validity or enforceability of this Section 3.2 on any grounds, including as being against public policy, as having been improperly induced or otherwise, whether by the initiation of any Action for such purpose or the intervention, participation or attempted intervention or participation in any manner in any other Action initiated by another Person or otherwise.

## ARTICLE IV

## COMPLETION OF THE DISTRIBUTION

Section 4.1. **Actions Prior to the Distribution**. Prior to the Effective Time, subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) *Notice to Nasdaq*. Illumina shall, to the extent possible, give Nasdaq not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *Securities Law Matters*. GRAIL shall file with the SEC any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. Illumina and GRAIL shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Illumina and GRAIL shall take all such action as may be necessary or advisable under the securities or "blue sky" Laws of the United States (and any comparable Laws under any non-U.S. jurisdiction) in connection with the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) *Availability of Information Statement*. Illumina shall, as soon as is reasonably practicable after the Form 10 is declared effective under the Exchange Act and the Illumina Board has approved the Distribution, cause the Information Statement to be mailed to the Record Holders or, in connection with the delivery of a notice of Internet availability of the Information Statement to such holders, posted on the Internet.

(d) *The Distribution Agent*. Illumina shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(e) *Stock-Based Compensation*. Illumina and GRAIL shall take all actions as may be necessary to approve the treatment of any stock-based compensation, or compensation convertible into stock-based compensation, held by directors and executive officers of GRAIL in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

(f) *Organizational Documents*. Illumina and GRAIL shall complete the GRAIL Conversion and take all necessary action that may be required to provide for the adoption by GRAIL of its Certificate of Incorporation and Bylaws, substantially in the form attached as Exhibits [E] (the "GRAIL Certificate of Incorporation") and [F] (the "GRAIL Bylaws"), respectively, of the Form 10.

(g) *Officers and Directors*. The Parties shall take all necessary action so that, effective as of the Effective Time, the executive officers and directors of GRAIL will be as set forth in the Information Statement.

(h) *Satisfying Conditions to the Distribution*. Illumina and GRAIL shall cooperate to cause the conditions to the Distribution set forth in Section 4.3 to be satisfied and to effect the Distribution at the Effective Time.

Section 4.2. **Effecting the Distribution**.

**(a)** *Delivery of GRAIL Stock*. On or prior to the Distribution Date, Illumina shall deliver to the Agent, for the benefit of the Record Holders, duly executed transfer forms for such number of the outstanding shares of GRAIL Stock as is necessary to effect the Distribution.

(b) *Distribution of Shares and Cash*. Illumina shall instruct the Agent to distribute, as soon as practicable following the Effective Time, to each Record Holder the following: (i) [ ] shares of GRAIL Stock for every [ ] shares of Illumina Stock held by such Record Holder as of the Record Date and (ii) cash, if applicable, in lieu of fractional shares obtained in the manner provided in Section 4.2(c). All of the shares of GRAIL Stock distributed will be validly issued, fully paid and non-assessable.

(c) *No Fractional Shares*. No fractional shares shall be distributed or credited to book-entry accounts in connection with the Distribution. As soon as practicable after the Effective Time, Illumina shall direct the Agent to determine the number of whole shares and fractional shares of GRAIL Stock allocable to each holder of record or beneficial owner of Illumina Stock as of the Record Date, to aggregate all such fractional shares into whole shares and to sell the whole shares obtained thereby in open market transactions (with the Agent, in its sole and absolute discretion, determining when, how, through which broker-deal, and at what price to make such sales) at then prevailing trading prices, and to cause to be distributed to each such holder or for the benefit of each such beneficial owner, in lieu of any fractional share, such holder's or owner's ratable share of the proceeds of such sale, after deducting any Taxes required to be withheld and after deducting an amount equal to all brokerage charges, commissions and transfer Taxes attributed to such sale. Neither Illumina nor GRAIL shall be required to guarantee any minimum sale price for the fractional shares of GRAIL Stock. Neither Illumina nor GRAIL shall be required to pay any interest on the proceeds from the sale of fractional shares.

(d) *Beneficial Owners*. Solely for purposes of computing fractional share interests pursuant to Section 4.2(c), the beneficial owner of Illumina Stock held of record in the name of a nominee in any nominee account shall be treated as the holder of record with respect to such shares.

(e) *Transfer Authorizations*. GRAIL agrees to update its [shareholder register] in relation to the transfers of GRAIL Stock that Illumina or the Agent shall require in order to effect the Distribution.

(f) *Treatment of GRAIL Stock*. Until the GRAIL Stock is duly transferred in accordance with this Section 4.2 and applicable Law, from and after the Effective Time, GRAIL will regard the Persons entitled to receive such GRAIL Stock as record holders of GRAIL Stock in accordance with the terms of the Distribution without requiring any action on the part of such Persons. GRAIL and Illumina agree that from and after the Effective Time each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the GRAIL Stock then deemed to be held by such holder.

Section 4.3. **Conditions to the Distribution**. The consummation of the Distribution shall be subject to the satisfaction or waiver by Illumina in its sole and absolute discretion, of the following conditions:

(a) *Completion of the Separation*. The Separation shall have been completed in accordance with this Agreement.

(b) *Approval by Illumina Board*. The Illumina Board shall have authorized and approved the Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of GRAIL Stock to Illumina stockholders.

(c) *Execution of Ancillary Agreements*. Each Ancillary Agreement shall have been executed by each party to such agreement.

(d) *Listing on Nasdaq*. The GRAIL Stock shall have been accepted for listing on Nasdaq or another national securities exchange approved by Illumina, subject to official notice of issuance.

(e) *Effectiveness of the Form 10; Mailing of Information Statement*. The SEC shall have declared effective the Form 10 under the Exchange Act, and no stop order suspending the effectiveness of the Form 10 shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC, and the Information Statement included therein shall have been mailed to Illumina's stockholders as of the Record Date.

(f) *Tax Treatment of the Distribution*. Illumina shall have received a private letter ruling from the Internal Revenue Service and the written opinion of Cravath, Swaine & Moore LLP, each of which shall remain in full force and effect, that, subject to the limitations specified therein and the accuracy of and compliance with certain representations, the Distribution will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code.

(g) *No Law*. No Law promulgated by any Governmental Authority or other legal restraint or prohibition issued by any Governmental Authority preventing consummation of the Distribution shall be in effect.

(h) *No Circumstances Making Distribution Inadvisable*. No events or developments shall have occurred or exist that, in the judgment of the Illumina Board, in its sole and absolute discretion, make it inadvisable to effect the Distribution or the other transactions contemplated hereby, or would result in the Distribution or the other transactions contemplated hereby not being in the best interests of Illumina or its stockholders.

(i) *Director Elections*. Illumina shall have duly elected the individuals to be listed as members of GRAIL's post-Distribution board of directors in the Information Statement.

(j) *GRAIL Articles of Incorporation and GRAIL Bylaws*. Immediately prior to the Distribution Date, the GRAIL Certificate of Incorporation and the GRAIL Bylaws shall be in effect.

Section 4.4. **Sole Discretion**. The foregoing conditions are for the sole benefit of Illumina and shall not give rise to or create any duty on the part of Illumina or the Illumina Board to waive or not waive such conditions or in any way limit Illumina's right to terminate this Agreement as set forth in Article VIII or alter the consequences of any such termination from those specified in such Article; provided that Illumina may not waive any condition if

such waiver would affect the GRAIL Group adversely in a material respect after the Effective Time, without the prior written consent of GRAIL. Subject to the foregoing proviso, any determination made by the Illumina Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 4.3 shall be conclusive.

## ARTICLE V

## MUTUAL RELEASES; INDEMNIFICATION; COOPERATION; INSURANCE

Section 5.1. **Release of Claims Prior to Distribution**.

**(a)** Except as provided in Section 5.1(c), effective as of the Effective Time, Illumina does hereby, for itself and each other member of the Illumina Group, their respective Affiliates, successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Illumina Group (in each case, in their respective capacities as such), surrender, relinquish, release and forever discharge (i) GRAIL, the respective members of the GRAIL Group, their respective Affiliates, successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the GRAIL Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, in each case from (A) all Illumina Liabilities whatsoever, (B) all Liabilities arising from, or in connection with, the transactions contemplated by this Agreement and all activities to implement the Separation and Distribution, (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), and (D) any rights, claims or Liabilities arising from, or in connection with, Section 3.3 of that certain Letter Agreement and Limited Waiver dated as of August 18, 2021 between Illumina and GRAIL.

(b) Except as provided in Section 5.1(c), effective as of the Effective Time, GRAIL does hereby, for itself and each other member of the GRAIL Group, their respective Affiliates, successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the GRAIL Group (in each case, in their respective capacities as such), surrender, relinquish, release and forever discharge (i) Illumina, the respective members of the Illumina Group, their respective Affiliates (other than any member of the GRAIL Group), successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Illumina Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, in each case from (A) all GRAIL Liabilities whatsoever, (B) all Liabilities arising from, or in connection with, the transactions contemplated by this Agreement and all activities to implement the Separation and Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time).

(c) Nothing contained in Section 5.1(a) or (b) shall impair any right of any Person to enforce this Agreement or any Ancillary Agreement, in each case in accordance with its terms. Nothing contained in Section 5.1(a) or (b) shall release any Person from:

(i) any Liability pursuant to any Contract set forth on Schedule 5.1(c)(i) (or any purchase order, work order, terms and conditions or similar Contract issued pursuant to any Contract set forth on Schedule 5.1(c)(i));

(ii) any Liability provided in or resulting from any Contract or understanding that is entered into after the Effective Time between any member of the Illumina Group, on the one hand, and any member of the GRAIL Group, on the other hand;

(iii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with this Agreement or any Ancillary Agreement (including any Illumina Liability and any GRAIL Liability, as applicable); or

(iv) any Liability that the Parties may have with respect to indemnification, contribution, reimbursement or otherwise pursuant to this Agreement or any Ancillary Agreement or otherwise for claims brought against the Parties by third Persons.

(d) Illumina shall not make, and shall not permit any member of the Illumina Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against GRAIL or any member of the GRAIL Group, or any other Person released pursuant to Section 5.1(a), with respect to any Liabilities released pursuant to Section 5.1(a). GRAIL shall not make, and shall not permit any member of the GRAIL Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Illumina or any member of the Illumina Group, or any other Person released pursuant to Section 5.1(b), with respect to any Liabilities released pursuant to Section 5.1(b).

(e) Any breach of the provisions of this Section 5.1 by either Illumina or GRAIL shall entitle the other Party to recover reasonable fees and expenses of counsel in connection with such breach or any Action resulting from such breach.

Section 5.2. **Indemnification by Illumina**. (a) Except as otherwise specifically set forth in this Agreement or any Ancillary Agreement, to the fullest extent permitted by Law, Illumina shall, and shall cause the other members of the Illumina Group to, indemnify, defend and hold harmless GRAIL, each member of the GRAIL Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "GRAIL Indemnitees"), from and against any and all Liabilities of the GRAIL Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(i) any Illumina Liabilities, including any failure of Illumina or any other member of the Illumina Group or any other Person to pay, perform or otherwise promptly discharge any Illumina Liabilities in accordance with their respective terms, whether prior to or after the Effective Time or the date hereof;

(ii) any breach by Illumina or any member of the Illumina Group of this Agreement or any of the Ancillary Agreements;

(iii) the CVR Agreement or a tender offer in respect of the CVRs conducted by Illumina (in each case, other than to the extent the Liability is based upon, relating to or arising out of GRAIL's failure to timely or accurately comply with its obligations set forth in Section 6.2);

(iv) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if GRAIL shall have furnished any amendments or supplements thereto) or any other Disclosure Document, in each case, specifically relating to (i) the Illumina Business, Illumina Assets or Illumina Liabilities or (ii) the Illumina Group as of and after the Effective Time;

(v) any matter noticed to Illumina's D&O insurers prior to the Effective Time; and

(vi) any matter that would have been covered by the employment practices liability insurance of GRAIL in existence immediately prior to the closing of the Original Transaction (subject to any retention, deductibles, exclusions, limitations, caps, baskets and other limitations thereunder) had such policy coverage been extended to the period of time between the closing of the Original Transaction and the Effective Time.

(b) If and to the extent that (i) the Huber Liability becomes due and payable in accordance with the terms of the Huber Agreement during the Disposal Funding Period and (ii) all or any portion of the Huber Liability is actually paid by GRAIL, in cash, during the Disposal Funding Period, Illumina shall indemnify the GRAIL Indemnitees for the Huber Liability to the extent paid by GRAIL.

Notwithstanding the foregoing, in no event shall Illumina or any other member of the Illumina Group have any obligations under this Section 5.2 with respect to Liabilities subject to indemnification pursuant to Section 5.3.

Section 5.3. **Indemnification by GRAIL**. Except as otherwise specifically set forth in this Agreement or any Ancillary Agreement, to the fullest extent permitted by Law, GRAIL shall, and shall cause the other members of the GRAIL Group to, indemnify, defend and hold harmless Illumina, each member of the Illumina Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Illumina Indemnitees"), from and against any and all Liabilities of the Illumina Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any GRAIL Liabilities, including any failure of GRAIL or any other member of the GRAIL Group or any other Person to pay, perform or otherwise promptly discharge any GRAIL Liabilities in accordance with their respective terms, whether prior to or after the Effective Time or the date hereof;

(b) any breach by GRAIL or any member of the GRAIL Group of this Agreement or any of the Ancillary Agreements;

(c) any Liabilities based upon, relating to or arising from the failure of GRAIL to timely and accurately comply with its obligations set forth in Section 6.2;

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if GRAIL shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in Section 5.2(a)(iv); and

(e) any of Illumina's indemnification or contribution obligations pursuant to the letter agreement among Illumina, GRAIL and J.P. Morgan Securities LLC dated March 21, 2024, relating to, arising out of or resulting from acts or omissions by GRAIL (other than, for the avoidance of doubt, any compensation or expense reimbursement owed to J.P. Morgan Securities LLC pursuant to Section 1 thereunder).

Notwithstanding the foregoing, in no event shall GRAIL or any other member of the GRAIL Group have any obligation to indemnify, defend or hold harmless any Illumina Indemnitee for (a) any Liability of any Illumina Indemnitee in respect of any Covered Revenues Payment (or any CVR Shortfall) ("Covered Revenues Payment" and "CVR Shortfall" having the meanings ascribed thereto in the CVR Agreement) or (b) any Liability relating to, arising out of or resulting from, the Illumina Group's use of any information provided to the Illumina Group pursuant to Section 6.2 to determine or estimate any future or contingent liability of the Illumina Group arising from the CVR Agreement that is not reasonably foreseeable.

Section 5.4. **Indemnification Obligations Net of Insurance Proceeds**. (a) The Parties intend that any Liability subject to indemnification or contribution pursuant to this Article V shall be net of Insurance Proceeds that actually reduce the amount of the Liability. Accordingly, the amount that any Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or contribution hereunder (an "Indemnitee") shall be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds, then the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) It is expressly agreed and understood that all rights to indemnification, contribution and reimbursement pursuant to this Article V are in excess of all available insurance. Without limiting the foregoing, the Parties agree that an insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions hereof) by virtue of the Liability allocation, indemnification and contribution provisions hereof. Accordingly, any provision herein that could have the result of giving any insurer or other Third Party such a "windfall" shall be suspended or amended to the extent necessary to not provide such "windfall." Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorney's fees and expenses) to collect or recover, or allow the Indemnifying Party to collect or recover, any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article V. The Indemnitee shall make available to the Indemnifying Party and its counsel all employees, books and records, communications, documents, items or matters within its knowledge, possession or control that are necessary, appropriate or reasonably deemed relevant by the Indemnifying Party with respect to the recovery of such Insurance Proceeds; provided, however, that nothing in this sentence shall be deemed to require a Party to make available books and records, communications, documents or items that (i) in such Party's good faith judgment could result in a waiver of any privilege even if the Parties cooperated to protect such privilege as contemplated by this Agreement or (ii) such Party is not permitted to make available because of any Law or any confidentiality obligation to a Third Party, in which case such Party shall use commercially reasonable efforts to seek a waiver of or other relief from such confidentiality restriction. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

(c) Each of GRAIL and Illumina hereby waives, for itself and each member of its Group, its rights to recover against the other Party in subrogation or as subrogee for a third Person.

(d) For all claims as to which indemnification is provided under Section 5.2 or 5.3, the reasonable fees and expenses of counsel to the Indemnitee for the enforcement of the indemnity obligations shall be borne by the Indemnifying Party, except as otherwise expressly set forth in Section 5.5.

Section 5.5. **Procedures for Indemnification of Third-Party Claims**. (a) If, at or after the date of this Agreement, an Indemnitee shall receive written notice from, or otherwise learn of the assertion by, a Person (including any Governmental Authority) who is not a member of the Illumina Group or the GRAIL Group (a "Third Party") of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 5.2 or 5.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof within fourteen (14) days of receipt of such written notice. Any such notice shall describe the Third-Party Claim in reasonable detail and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 5.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party was prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 5.5(a). Thereafter, the Indemnitee shall deliver to the Indemnifying Party, promptly after the receipt thereof by the Indemnitee, copies of any and all additional written notices and documents (including court papers) received by the Indemnitee from the Third Party relating to the Third-Party Claim.

(b) Subject to the terms and conditions of any applicable insurance policy in place after the Effective Time, an Indemnifying Party may elect to defend (and to seek to settle or compromise) any such Third-Party Claim, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel; provided, that the Indemnifying Party will not select counsel without the Indemnitee's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed); provided, further, an Indemnifying Party may not elect to defend such Third-Party Claim in the event that defense of such Third-Party Claim would void or otherwise adversely impact the Indemnitee's insurance policy. Within thirty (30) days after the receipt of notice from an

Indemnitee in accordance with Section 5.5(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnitee in writing of its election whether the Indemnifying Party shall assume responsibility for defending such Third-Party Claim, and if the Indemnifying Party elects to assume such responsibility then the notice must include an express and irrevocable acknowledgment from the Indemnifying Party of its obligation to indemnify such Third-Party Claim fully. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee except as otherwise expressly set forth herein.

(c) If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred during the course of its defense of such Third-Party Claim, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim, is not permitted to elect to defend a Third-Party Claim pursuant to Section 5.5(b) or Section 5.5(d), or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee, such Indemnitee shall have the right to control the defense of (and to seek to settle or compromise) such Third-Party Claim, in which case the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) Notwithstanding an election by an Indemnifying Party to defend a Third-Party Claim in circumstances where an Indemnifying Party is permitted to make such an election pursuant to Section 5.5(b), an Indemnitee may, upon notice to the Indemnifying Party, elect to take over the defense of such Third-Party Claim if (i) in its exercise of reasonable business judgment, the Indemnitee determines that the Indemnifying Party is not defending such Third-Party Claim competently or in good faith, (ii) the Indemnitee determines in its exercise of reasonable business judgment that there exists a compelling business reason for such Indemnitee to defend such Third-Party Claim (other than as contemplated by the foregoing clause (i)), (iii) the Indemnifying Party makes a general assignment for the benefit of creditors, has filed against it or files a petition in bankruptcy or insolvency or is declared bankrupt or insolvent or declares that it is bankrupt or insolvent, (iv) the Third-Party Claim relates to or arises in connection with any criminal Action or (v) the Third-Party Claim seeks an injunction, non-monetary relief or business restriction imposed against the Indemnitee. In addition to the foregoing and the last sentence of Section 5.2(a)(ii) and the last sentence of Section 5.5(e), if any Indemnitee determines in good faith that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as appropriate) and to participate in (but not control) the defense, compromise, or settlement of the applicable Third-Party Claim, and the Indemnifying Party shall bear the reasonable fees and expenses of one such counsel and local counsel (as appropriate) for all Indemnitees.

(e) Subject to the last sentence of Section 5.5(d), an Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend or that is not permitted to elect or defend pursuant to Section 5.5(b), any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as appropriate) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 5.5(c) shall not apply to such fees and expenses. Other than where there is (or there is reasonably likely to be, in the determination of the Party controlling the defense of the Third-Party Claim) a direct claim by the Party controlling the defense of the Third-Party Claim on substantially the same subject matter as the Third-Party Claim, the Party not controlling the defense of the Third-Party Claim shall cooperate with the Party that is controlling the defense of such Third-Party Claim in such defense and make reasonably available to the controlling Party, at the Indemnifying Party's expense if such Third-Party Claim is subject to indemnification, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party, subject to *bona fide* claims of Privilege.

(f) The Indemnifying Party may not settle or compromise any Third-Party Claim for which the Indemnifying Party is controlling the defense without the prior written consent of the Indemnitee, which consent may not be unreasonably withheld, conditioned or delayed, provided that consent is not required if such settlement or compromise is solely for monetary damages that will be fully indemnified pursuant to this Article V, does not involve any finding or determination of Liability (other than monetary damages), wrongdoing or violation of Law by the Indemnitee and provides for a full, unconditional and irrevocable release of the Indemnitee, the members of the Indemnitee's Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing from all Liability in connection with the Third-Party Claim. An Indemnitee may not settle or compromise any Third-Party Claim for which it is seeking or will seek indemnification hereunder, without the prior written consent of the Indemnifying Party, which consent may not be unreasonably withheld, conditioned or delayed. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within forty-five (45) days (or, to the extent the Party receiving such proposal is informed of the applicable deadline within a reasonable time to respond, within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(g) The provisions of this Section 5.5 (other than this Section 5.5(g)) and the provisions of Section 5.6 shall not apply to Taxes (Taxes being governed by the Tax Matters Agreement).

(h) The Indemnifying Party shall establish a procedure reasonably acceptable to the Indemnitee to keep the Indemnitee reasonably informed of the progress of the Third-Party Claim and to notify the Indemnitee when any such Third-Party Claim is closed, regardless of whether such Third-Party Claim was resolved by settlement, verdict, dismissal or otherwise.

Section 5.6. **Additional Matters**. (a) Indemnification payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification under this Article V shall be paid by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. THE COVENANTS AND OBLIGATIONS CONTAINED IN THIS ARTICLE V SHALL REMAIN OPERATIVE AND IN FULL FORCE AND EFFECT, REGARDLESS OF (I) ANY INVESTIGATION MADE BY OR ON BEHALF OF ANY INDEMNITEE AND (II) THE KNOWLEDGE BY THE INDEMNITEE OF LIABILITIES FOR WHICH IT MIGHT BE ENTITLED TO INDEMNIFICATION HEREUNDER.

(b) Any claim on account of a Liability that does not result from a Third-Party Claim (a "Direct Claim") shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party as soon as reasonably practicable after the Indemnitee becomes aware of such Direct Claim. Such notice shall describe (i) the Direct Claim in reasonable detail, (ii) the basis for the claim for indemnification, (iii) to the extent known, the estimated amount of indemnifiable Liabilities for which indemnification is sought and (iv) to the extent practicable, the method of computation thereof. Such Indemnifying Party shall have a period of forty-five (45) days after the receipt of such notice within which to respond thereto. If after such forty-five (45)-day period, such claim is not resolved, Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with the first sentence of this Section 5.6(b) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party shall demonstrate that it was prejudiced by the Indemnitee's failure to provide notice in accordance with the first sentence of this Section 5.6(b).

(c) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In the event of an Action for which indemnification is sought pursuant to Section 5.2 or 5.3 and in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall use commercially reasonable efforts to substitute the Indemnifying Party for the named defendant for the portion of the Action related to such indemnification claim.

(e) In the event that either Party establishes a risk accrual in an amount of at least $500,000 with respect to any Third-Party Claim for which the other Party has sought indemnification pursuant to Section 5.2 or Section 5.3, such Party shall notify the other Party of the existence and amount of such risk accrual (i.e., when the accrual is recorded in the financial statements as an accrual for a potential liability), subject to the Parties entering into an appropriate agreement with respect to the confidentiality and/or privilege thereof.

(f) In the case of any Action involving a matter contemplated by Section 5.14(c), (i) if there is a conflict of interest that under applicable rules of professional conduct would preclude legal counsel for one Party or one of its Subsidiaries representing another Party or one of its Subsidiaries or (ii) if any Third-Party Claim seeks equitable relief that would restrict or limit the future conduct of the non-responsible Party or one of its Subsidiaries or the business or operations of such non-responsible Party or one of its Subsidiaries, then the non-responsible Party shall be entitled to retain, at its sole expense, separate legal counsel to represent its interest and to participate in the defense, compromise, or settlement of that portion of the Third-Party Claim against that Party or one of its Subsidiaries.

(g) THE RELEASES AND INDEMNIFICATION OBLIGATIONS OF THE PARTIES IN THIS AGREEMENT ARE EXPRESSLY INTENDED, AND SHALL OPERATE AND BE CONSTRUED, TO APPLY EVEN WHERE THE LIABILITIES FOR WHICH THE RELEASE AND/OR INDEMNITY ARE GIVEN ARE CAUSED, IN WHOLE OR IN PART, BY THE SOLE, JOINT, JOINT AND SEVERAL, CONCURRENT, CONTRIBUTORY, ACTIVE OR PASSIVE NEGLIGENCE OR THE STRICT LIABILITY OR FAULT OF THE PARTY BEING RELEASED OR INDEMNIFIED.

Section 5.7. **Survival of Indemnities**. The rights and obligations of each of GRAIL and Illumina and their respective Indemnitees under this Article V shall survive (a) the sale or other transfer by any Party of any Assets or businesses or the assignment by it of any Liabilities, and (b) any merger, consolidation, business combination, sale of all or substantially all of the Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of its respective Subsidiaries.

Section 5.8. **Right of Contribution**. (a) *Contribution*. If any right of indemnification contained in this Article V is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts (including any costs, expenses, attorneys' fees, disbursements and expenses of counsel, expert and consulting fees and costs related thereto or to the investigation or defense thereof) paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault*. Solely for purposes of determining relative fault pursuant to this Section 5.8 in circumstances in which the indemnification is unavailable because of a fault associated with the business conducted by GRAIL, Illumina or a member of their respective Groups, (i) any fault associated with the business conducted with the Illumina Assets or Illumina Liabilities (except for the gross negligence or intentional misconduct of GRAIL or a member of the GRAIL Group) or with the ownership, operation or activities of the Illumina Business shall be deemed to be the fault of Illumina and the members of the Illumina Group, and no such fault shall be deemed to be the fault of GRAIL or any member of the GRAIL Group; and (ii) any fault associated with the business conducted with the GRAIL Assets or the GRAIL Liabilities (except for the gross negligence or intentional misconduct of Illumina or the members of the Illumina Group) or with the ownership, operation or activities of the GRAIL Business shall be deemed to be the fault of GRAIL and the members of the GRAIL Group, and no such fault shall be deemed to be the fault of Illumina or any member of the Illumina Group.

(c) *Contribution Procedures*. The provisions of Sections 5.5 and 5.6 shall govern any contribution claims.

Section 5.9. **Covenant Not to Sue (Liabilities and Indemnity)**. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator, administrative agency or other Governmental Authority anywhere in the world, alleging that: (a) the assumption of any GRAIL Liabilities by GRAIL or a member of the GRAIL Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the provisions of Article III are void or unenforceable for any reason; or (c) the provisions of this Article V are void or unenforceable for any reason.

Section 5.10. **No Impact on Third Parties**. For the avoidance of doubt, except as expressly set forth in this Agreement, the indemnifications provided for in this Article V are made only for purposes of allocating responsibility for Liabilities between the GRAIL Group, on the one hand, and the Illumina Group, on the other hand, and are not intended to, and shall not, affect any obligations to, or give rise to any rights of, any third parties.

Section 5.11. **No Cross-Claims or Third-Party Claims**. Each of Illumina and GRAIL agrees that it shall not, and shall not permit the members of its respective Group to, in connection with any Third-Party Claim, assert as a counterclaim or third-party claim against any member of the GRAIL Group or Illumina Group, respectively, any claim (whether sounding in contract, tort or otherwise) that arises out of or relates to this Agreement, any breach or alleged breach hereof, the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby on or prior to the date hereof), or the construction, interpretation, enforceability or validity hereof, which in each such case shall be asserted only as contemplated by Sections 9.2, 9.4 and 9.5.

Section 5.12. **Severability**. If any indemnification provided for in this Article V is determined by the sole arbitrator or arbitral tribunal (as the case may be) to be invalid, void or unenforceable, the liability shall be apportioned between the Indemnitee and the Indemnifying Party as determined in a separate proceeding in accordance with Sections 9.2, 9.4 and 9.5.

Section 5.13. **Exclusivity**. Except as otherwise provided in Section 9.17, the sole and exclusive remedy for any and all claims, Liabilities or other matters based upon, relating to or arising from this Agreement or any Ancillary Agreement or the transactions contemplated hereby or thereby shall be the rights of indemnification set forth in this Article V, and no Person shall have any other entitlement, remedy or recourse, whether in contract, tort, strict liability, equitable remedy or otherwise, it being agreed that all of such other remedies, entitlements and recourse are expressly waived and released by the Parties to the fullest extent permitted by Law. This Section 5.13 shall not operate to interfere with or impede the operation of the covenants contained in this Agreement or any Ancillary Agreement, with respect to a Party's right to seek equitable remedies (including specific performance or injunctive relief). For the avoidance of doubt, this Section 5.13 shall not preclude any claim made pursuant to the Supply Agreement in connection with any indemnity or other remedy set forth therein.

Section 5.14. **Cooperation in Defense and Settlement**. (a) With respect to any Third-Party Claim that implicates both Parties in a material fashion due to the allocation of Liabilities, responsibilities for management of defense and related indemnities pursuant to this Agreement or any of the Ancillary Agreements, the Parties agree to use commercially reasonable efforts to cooperate fully and maintain a joint defense (in a manner that will preserve for the Parties any Privileges, joint defense or other privilege with respect thereto).

(b) To the extent there are documents, other materials, access to employees or witnesses related to or from a Party that is not responsible for the defense or Liability of a particular Action, such Party shall provide to the other Party (at such other Party's cost and expense) reasonable access to documents, other materials, employees, and shall permit employees, officers and directors to cooperate as witnesses in the defense of such Action.

(c) Each of GRAIL and Illumina agrees that at all times from and after the Effective Time, if an Action currently exists or is commenced by a Third Party with respect to which a Party (or the members of its Group) is a named defendant, but the defense of such Action and any recovery in such Action is otherwise not a

Liability allocated under this Agreement or any Ancillary Agreement to that Party, then the other Party shall use commercially reasonable efforts to cause the named but not liable defendant to be removed from such Action and such defendants shall not be required to make any payments or contributions therewith.

Section 5.15. **Insurance Matters**. Each of GRAIL and Illumina acknowledges and agrees that GRAIL is and will be treated as the successor-in-interest to coverage under that certain D&O tail policy purchased by GRAIL in connection with the Original Transaction with all rights to seek coverage thereunder after the Effective Time.

## ARTICLE VI

## EXCHANGE OF INFORMATION; CONFIDENTIALITY

Section 6.1. **Agreement for Exchange of Information**. Except as otherwise provided in any Ancillary Agreement, each of Illumina and GRAIL, on behalf of itself and the members of its respective Group, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party, at any time before or after the Effective Time, as soon as reasonably practicable after written request therefor, any Information (or a copy thereof) in the possession or under the control of either Party or any of the members of its Group to the extent that: (i) such Information relates to the GRAIL Business or any GRAIL Asset or GRAIL Liability, if GRAIL is the requesting party, or to the Illumina Business or any Illumina Asset or Illumina Liability, if Illumina is the requesting party; (ii) such Information is required by the requesting party to comply with its obligations under this Agreement or any Ancillary Agreement; (iii) such Information is required to comply with reporting, disclosure, filing or other requirements imposed on Illumina or GRAIL, or any other member of its respective Group, as applicable (including under applicable securities Laws), by any national securities exchange or any Governmental Authority having jurisdiction over Illumina or GRAIL, or any other member of its respective Group, as applicable; and (iv) such Information is required for use in any other judicial, regulatory, administrative or other Action or in order to satisfy audit, accounting, regulatory, litigation or other similar requirements (other than in the case of any Actions between any member of the GRAIL Group, on the one hand, and any member of the Illumina Group on the other hand); provided, however, that, in the event that the Party to whom the request has been made reasonably determines that any such provision of Information could be commercially detrimental, violate any Law or agreement or waive any Privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing Information pursuant to this Section 6.1 shall only be obligated to provide such Information in the form, condition and format in which it then exists and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such Information, and nothing in this Section 6.1 shall expand the obligations of the Parties under Section 6.5. Notwithstanding the foregoing, nothing in this Section 6.1 shall be deemed to obligate GRAIL to provide any Information in connection with Illumina's obligations under the CVR Agreement, which is specifically and exclusively governed by Section 6.2.

Section 6.2. **CVR Information**. (a) Notwithstanding anything in this Agreement to the contrary but subject to Section 6.2(h), GRAIL, on behalf of itself and the members of its Group, shall promptly (and in any event in a manner consistent with the timelines set forth in the CVR Agreement and past practice) provide or make available, or cause to be provided or made available, to Illumina and its Representatives, each pursuant to the CVR Agreement, beginning at the Effective Time and for so long as Illumina has any obligations pursuant to the CVR Agreement, any Information reasonably necessary to comply with Illumina's obligations under the CVR Agreement and applicable Law (which Information may be disclosed and used by Illumina to comply with its obligations under the CVR Agreement and applicable Law) including: (i) the Covered Revenues and any other Information as is required by the CVR Agreement to be included in the Covered Revenues Statement; (ii) any Information as is required to comply with reporting, disclosure, filing or other requirements by any national securities exchange or any Governmental Authority having jurisdiction over Illumina; (iii) any Information as is required by Illumina to comply with any audit procedures pursuant to the CVR Agreement (including by providing access to third parties to comply with such procedures) or any bona fide audit initiated by an auditor of Illumina or any regulator or other Governmental Authority having jurisdiction over Illumina; (iv) any Information as is required by Illumina to defend any Action arising from or relating to the CVR Agreement; and (v) such other Information that Illumina determines is reasonably necessary or advisable for it to discharge its rights, responsibilities, privileges, protections, immunities and benefits under the CVR Agreement.

(b) Without limiting the generality of Section 6.2(a), GRAIL, on behalf of itself and the members of its Group, shall provide as soon as reasonably practicable but in any event no later than fifteen (15) business days following the end of any Covered Revenues Measuring Period, with respect to such completed Covered Revenues Measuring Period, a written certification to Illumina from the Chief Financial Officer of GRAIL certifying the accuracy of the information provided pursuant to Sections 6.2(a)(i) and 6.2(c).

(c) Without limiting the generality of Section 6.2(a) but subject to Section 6.2(h), GRAIL, on behalf of itself and the members of its Group, shall provide or make available, or cause to be provided or made available, to each of Illumina and an independent certified public accounting firm of nationally recognized standing designated by Illumina (in its sole discretion), beginning at the Effective Time and for so long as any CVR Liabilities are outstanding, in respect of any Fiscal Period, as soon as reasonably practicable but in any event no later than fifteen (15) business days following the completion of such Fiscal Period, the Covered Revenues attributable to the GRAIL Business realized in such Fiscal Period, including an allocation of amounts attributable to sales to Illumina, together with any supporting books and records, journal entries, other financial records and Information.

(d) Without limiting the generality of Section 6.2(a) but subject to Section 6.2(h), if Illumina proposes or reasonably intends to conduct a tender offer, exchange offer or consent solicitation or otherwise purchase all or any portion of the outstanding CVRs, upon request to GRAIL, GRAIL, on behalf of itself and the members of its Group, shall promptly provide or make available, or cause to be provided or made available, to Illumina, as soon as reasonably practicable, any Information Illumina determines is reasonably necessary or advisable to conduct such tender offer, exchange offer, consent solicitation or other purchase, including any Information necessary to comply with the applicable requirements of the Exchange Act and the rules and regulations of the SEC thereunder and/or any Information that would need to be provided in an information statement to ensure that such information statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) Without limiting the generality of Section 6.2(a) and the requirements of Section 6.2(b) but subject to Section 6.2(h), GRAIL, on behalf of itself and the members of its Group, shall provide or make available, or cause to be provided or made available, beginning at the Effective Time and for so long as any CVR Liabilities are outstanding, in respect of any Covered Revenues Measuring Period, as soon as reasonably practicable but in any event no later than fifteen (15) business days following the end of such Covered Revenues Measuring Period, the Information necessary to be provided by Illumina in each Covered Revenues Statement in respect of the GRAIL Business in form and substance reasonably satisfactory to Illumina and reasonably consistent with practice prior to the Effective Time (including reasonably detailed descriptions of the applicable Covered Products and Services and itemized calculations in detail (including gross revenues, adjustments for the applicable period, reserves for uncollected debts, rebates and net revenue by general ledger account and category)).

(f) Each Person (other than Illumina) seeking to receive information from GRAIL in connection with a review pursuant to Section 6.5 of the CVR Agreement shall enter into, and shall cause its accounting firm to enter into, a reasonable and mutually satisfactory confidentiality agreement with GRAIL in accordance with the requirements of Section 6.5 of the CVR Agreement.

(g) The GRAIL Group shall keep true, complete and accurate records in sufficient detail to enable (i) the Holders and their consultants or professional advisors to determine the amounts payable thereunder and allow Illumina to comply with its obligations under the CVR Agreement and (ii) GRAIL to comply with its obligations hereunder.

(h) Nothing in this Section 6.2 shall require any member of the GRAIL Group to provide to Illumina or any other Person any forecasts, projections, long-range plans or other Information that relate to a future Fiscal Period.

(i) For the purposes of this Section 6.2, each of the following terms shall have the meanings ascribed thereto in the CVR Agreement: “Covered Products and Services”, “Covered Revenues”, “Covered Revenues Measuring Period”, “Covered Revenues Statement”, “CVRs”, “Holder Representative”, “Holders” and “Trustee”.

Section 6.3. **Ownership of Information**. Any Information owned by one Group that is provided to a requesting Party pursuant to Section 6.1 or 6.8 shall remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 6.4. **Compensation for Providing Information**. The Party requesting Information pursuant to Section 6.1 agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, of gathering, copying, transporting and otherwise complying with the request with respect to such Information (including any costs and expenses incurred in any review of Information for purposes of protecting the Privileged Information of the providing Party or its Group or in connection with the restoration of backup media for purposes of providing the requested Information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall reflect the providing Party's actual costs and expenses. In connection with Section 6.2, GRAIL shall be responsible for the costs and fees described under Section 6.5(a) and (b) of the CVR Agreement if and to the extent Illumina would be obligated to make any payments thereunder.

Section 6.5. **Record Retention**. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement, each Party shall use its reasonable best efforts to retain all Information in such Party's possession relating to the other Party or its businesses, Assets or Liabilities, this Agreement or the Ancillary Agreements in accordance with its respective record retention policies as in effect on the date hereof or such longer period as required by Law, this Agreement or the Ancillary Agreements.

Section 6.6. **Other Agreements Providing for Exchange of Information**. The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions in any Ancillary Agreement regarding the sharing, exchange or retention of Information.

Section 6.7. **Limitations of Liability**. Unless otherwise expressly provided in this Agreement, no Party shall have any liability to any other Party relating to or arising out of (a) any Information exchanged or provided pursuant to Section 6.1 that is found to be inaccurate in the absence of willful misconduct by the Party providing such Information or (b) the destruction of any Information after commercially reasonable efforts by such Party to comply with the provisions of Section 6.2 or Section 6.5.

Section 6.8. **Auditors and Audits**. (a) Until the first GRAIL fiscal year end occurring after the Effective Time and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs, each Party shall provide or provide access to the other Party on a timely basis, all Information reasonably required to meet its schedule for the preparation, printing, filing, and public dissemination of its annual financial statements and for management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated by the SEC and, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder.

(b) In the event a Party restates any of its financial statements that include such Party's audited or unaudited financial statements with respect to any balance sheet date or period of operation as of the end of and for the 2024 fiscal year and the three (3)-year period ending December 31, 2024, in the case of GRAIL, or December 29, 2024, in the case of Illumina, such Party will deliver to the other Party a substantially final draft, as soon as the same is prepared, of any report to be filed by such first Party with the SEC that includes such restated audited or unaudited financial statements (the "Amended Financial Report"); provided, however, that such first Party may continue to revise its Amended Financial Report prior to its filing thereof with the SEC, which changes will be delivered to the other Party as soon as reasonably practicable; provided, further, however, that such first Party's financial personnel will actively consult with the other Party's financial personnel regarding any changes which such first Party may consider making to its Amended Financial Report and related disclosures prior to the anticipated filing of such report with the SEC, with particular focus on any changes which would have an effect upon the other Party's financial statements or related disclosures. Each Party will reasonably cooperate with, and permit and make any necessary employees reasonably available to, the other Party, in connection with the other Party's preparation of any Amended Financial Reports.

Section 6.9. **Privileged Matters**. (a) The Parties recognize that legal and other professional services that have been and shall be provided prior to the Effective Time solely for the benefit of the Illumina Group and the GRAIL Group, as the case may be.

(b) The Parties agree as follows:

(i) Illumina shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information currently under its control or the control of a member of its Group; and

(ii) GRAIL shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information currently under its control or the control of a member of its Group.

(c) If any dispute arises between the Parties, or any member of their respective Groups, regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of their respective Groups, each Party agrees that it shall: (i) negotiate with the other Party in good faith, (ii) endeavor to minimize any prejudice to the rights of the other Party and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except to protect its own legitimate interests.

(d) Upon receipt by any member of the GRAIL Group of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Information subject to a shared privilege or immunity or as to which Illumina or any of its Subsidiaries has the sole right hereunder to assert a privilege or immunity, or if GRAIL obtains knowledge that any of its, or any member of the GRAIL Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, GRAIL shall promptly provide written notice to Illumina of the existence of the request (which notice shall be delivered to Illumina no later than five (5) Business Days following the receipt of any such subpoena, discovery or other request) and shall provide Illumina a reasonable opportunity to review the Information and to assert any rights it or they may have, including under this Section 6.9 or otherwise, to prevent the production or disclosure of such Privileged Information.

(e) Upon receipt by any member of the Illumina Group of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Information subject to a shared privilege or immunity or as to which GRAIL or any member of the GRAIL Group has the sole right hereunder to assert a privilege or immunity, or if Illumina obtains knowledge that any of its, or any member of the Illumina Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, Illumina shall promptly provide written notice to GRAIL of the existence of the request (which notice shall be delivered to GRAIL no later than five (5) Business Days following the receipt of any such subpoena, discovery or other request) and shall provide GRAIL a reasonable opportunity to review the Information and to assert any rights it or they may have, including under this Section 6.9 or otherwise, to prevent the production or disclosure of such Privileged Information.

(f) Any furnishing of, or access to, Information pursuant to this Agreement are made and done in reliance on the agreement of the Parties set forth in this Section 6.9 and in Section 6.10 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(g) Nothing in this Section 6.9 shall be deemed to supersede the Joint Defense and Confidentiality Agreements, which the Parties acknowledge and agree shall continue in full force and effect from the Effective Time.

Section 6.10. **Confidentiality**. (a) *Confidentiality*. From and after the Effective Time, subject to Section 6.11 and except as contemplated by or otherwise provided in this Agreement or any Ancillary Agreement, Illumina, on behalf of itself and each of its Subsidiaries, and GRAIL, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to confidential and proprietary Information pursuant to the other Party's policies in effect as of the Effective Time, all confidential or proprietary Information concerning the other Party (or its business) and the other Party's Subsidiaries (or their respective businesses) that is either in its possession (including confidential or proprietary Information in its possession prior to the Effective Time) or furnished by the other Party or the other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement or any Ancillary Agreement, except, in each case, to the extent that such confidential or proprietary Information has been: (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential or proprietary Information or (iii) independently developed or generated without reference to or use of the respective proprietary or confidential Information of the other Party or any of its Subsidiaries. The foregoing restrictions shall not apply in connection with the enforcement of any right or remedy relating to this Agreement or the Ancillary Agreements or the transactions contemplated hereby or thereby. If any confidential or proprietary Information of one Party or any of its Subsidiaries is disclosed to another Party or any of its Subsidiaries in connection with or providing services to such first Party or any of its Subsidiaries under this Agreement or any Ancillary Agreement, then such disclosed confidential or proprietary Information shall be used only as required to perform such services. From and after the Effective Time, Illumina, on behalf of itself and each of its Subsidiaries, and GRAIL, on behalf of itself and each of its Subsidiaries, agrees not to use, and to cause its respective Representatives not to use, any confidential or proprietary Information of the other Party or any of its Subsidiaries other than for such purposes as is expressly outlined in the applicable provision of this Agreement or the Ancillary Agreement pursuant to which the Information was provided. For the avoidance of doubt, in no event may either Party or its Group use, and each Party shall cause its Representatives not to use, any confidential or proprietary Information of the other Party and its Subsidiaries for competitive purposes or to obtain any commercial advantage with respect to the other Party and its Subsidiaries or attempt to divert from the Party and its Subsidiaries any business or customer of such Party and its Subsidiaries.

(b) *No Release; Return or Destruction*. Each Party agrees not to release or disclose, or permit to be released or disclosed, any confidential or proprietary Information of the other Party or its Subsidiaries addressed in Section 6.10(a) to any other Person, except its Representatives who need to know such Information in their capacities as such (who shall be advised of their obligations hereunder with respect to such Information), and except in compliance with Section 6.11. Without limiting the foregoing, when any Information furnished by the other Party after the Effective Time pursuant to this Agreement or any Ancillary Agreement is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party shall, at its option, promptly after receiving a written notice from the disclosing Party, either return to the disclosing Party all such Information in a tangible form (including all copies thereof and all notes, extracts or summaries to the extent based thereon) or certify to the disclosing Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries to the extent based thereon); provided, however, that a Party shall not be required to destroy or return any such Information to the extent that (i) the Party is required to retain the Information in order to comply with any applicable Law, (ii) the Information has been backed up electronically pursuant to the Party's standard document retention policies and will be managed and ultimately destroyed consistent with such policies or (iii) the Information is kept in the Party's legal files for purposes of resolving any Dispute.

(c) *Third-Party Information; Privacy or Data Protection Laws*. Each Party acknowledges that it and its respective Subsidiaries may presently have and, after the Effective Time, may gain access to or possession of confidential or proprietary Information of, or personal Information relating to, Third Parties: (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or the other Party's Subsidiaries, on the other hand, prior to the Effective Time or (ii) that, as between

the two parties, was originally collected by the other Party or the other Party's Subsidiaries and that may be subject to and protected by privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary Information of, or personal Information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or the other Party's Subsidiaries, on the one hand, and such Third Parties, on the other hand.

(d) *Additional Obligations*. In no event shall this Section 6.10 be deemed to reduce any obligations agreed by any Party in any Ancillary Agreement or any other agreement between the Parties or members of their Group that survives after the Effective Time.

Section 6.11. **Protective Arrangements**. In the event that either Party or any of its Subsidiaries is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law or the rules of any stock exchange on which the shares or other securities of the Party or any member of its Group are traded to disclose or provide any confidential or proprietary Information of the other Party that is subject to the confidentiality provisions hereof, such Party shall provide the other Party with written notice of such request or demand (to the extent legally permitted) as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party's own cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such Information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide Information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

Section 6.12. **Witness Services**. At all times from and after the Effective Time, each of Illumina and GRAIL shall use its commercially reasonable efforts to make reasonably available to the other, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents (taking into account the business demands of such individuals) as witnesses to the extent that (i) such Persons may reasonably be required to testify in connection with the prosecution or defense of any Action in which the requesting Party may from time to time be involved (except for Actions in which one or more members of one Group is adverse to one or more members of the other Group) and (ii) there is no conflict in the Action between the requesting Party and the other Party. A Party providing a witness to the other Party under this Section 6.12 shall be entitled to receive from the recipient of such witness services, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other expenses (which shall include the costs of salaries and benefits of employees who are witnesses but not any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as witnesses), as may be reasonably incurred and properly paid under applicable Law.

## ARTICLE VII

## FURTHER ASSURANCES AND ADDITIONAL COVENANTS

Section 7.1. **Further Assurances**. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties hereto shall use its commercially reasonable efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable on its part under applicable Laws, regulations and agreements, to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party hereto shall cooperate with each other Party hereto, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its commercially reasonable efforts to cause to be executed and delivered, all

instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain or make any Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Third Party consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party hereto from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the GRAIL Assets and the assignment and assumption of the GRAIL Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party shall, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party all of the transferring Party's right, title and interest to the Assets allocated to such Party by this Agreement or any Ancillary Agreement, in each case, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Illumina and GRAIL in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by any Subsidiary of Illumina or Subsidiary of GRAIL, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

Section 7.2. **Performance**. Illumina shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Illumina Group or Affiliate of Illumina. GRAIL shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the GRAIL Group or Affiliate of GRAIL. Each Party (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Section 7.2 to all of the other members of its Group, and (b) cause all of the other members of its Group not to take, or omit to take, any action which action or omission would violate or cause such Party to violate this Agreement or any Ancillary Agreement or materially impair such Party's ability to consummate the transactions contemplated hereby or thereby.

Section 7.3. **No Restrictions on Post-Closing Competitive Activities**. Each of the Parties agrees that this Agreement shall not include any noncompetition or other similar restrictive arrangements with respect to the range of business activities that may be conducted, or investments that may be made, by the Groups. Accordingly, each of the Parties acknowledges and agrees that nothing set forth in this Agreement shall be construed to create any explicit or implied restriction or other limitation on the ability of any Group to engage in any business or other activity that overlaps or competes with the business of the other Group. Except as expressly provided herein, or in the Ancillary Agreements, each Group shall have the right to, and shall have no duty to abstain from exercising such right to, (i) engage or invest, directly or indirectly, in the same, similar or related business activities or lines of business as the other Group, (ii) make investments in the same or similar types of investments as the other Group, (iii) do business with any client, customer, vendor or lessor of any of the other Group or (iv) subject to Section 7.4, employ or otherwise engage any officer, director or employee of the other Group. For the avoidance of doubt, nothing in this Section 7.3 shall limit any of the obligations set forth in Section 6.10.

Section 7.4. **Non-Solicitation Covenant**. For a period of two (2) years from and after the Effective Time, Illumina shall not, and shall cause the other members of the Illumina Group not to, directly or indirectly, solicit to employ or employ any employees of the GRAIL Group set forth on Schedule 7.4 (including as external advisors) without the prior written consent of GRAIL; provided, however, that nothing in this Section 7.4 shall prevent (i) solicitations to employ any individual who responds to general solicitations for employees in the ordinary course of business and consistent with past practice (including by professional search firm), so long as such solicitations are not directed towards any employees of the GRAIL Group set forth on Schedule 7.4, (ii) solicitations to employ, or employment of, any such individual whose employment with or service to GRAIL was terminated at least three (3) months prior to the commencement of such solicitation or (iii) Illumina from negotiating the terms of employment with any person who contacts Illumina on his or her own initiative and without any direct or indirect solicitation by the Illumina Group in violation hereof.

Section 7.5. **Mail Forwarding**. (a) Illumina agrees that following the Effective Time it shall use its commercially reasonable efforts to forward to GRAIL any correspondence relating to the GRAIL Business (or a copy thereof to the extent such correspondence relates to both the GRAIL Business and the Illumina Business) that is delivered to Illumina and (b) GRAIL agrees that following the Effective Time it shall use its commercially reasonable efforts to forward to Illumina any correspondence relating to the Illumina Business (or a copy thereof to the extent such correspondence relates to both the Illumina Business and the GRAIL Business) that is delivered to GRAIL.

## ARTICLE VIII

## TERMINATION

Section 8.1. **Termination**. This Agreement may be terminated and the terms and conditions of the Separation and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by and in the sole and absolute discretion of the Illumina Board without the approval of any other Person, including GRAIL or Illumina or the stockholders of GRAIL or Illumina. In the event that this Agreement is terminated, this Agreement and any Ancillary Agreement that has been executed shall become null and void and no Party, nor any Party's directors, officers or employees, shall have any Liability of any kind to any Person by reason of this Agreement or such Ancillary Agreement. After the Distribution, this Agreement may not be terminated except by an agreement in writing signed by Illumina and GRAIL.

Section 8.2. **Effect of Termination**. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

## ARTICLE IX

## MISCELLANEOUS

Section 9.1. **Counterparts; Entire Agreement; Power**. (a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to each other Party. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile, electronic mail (including .pdf, docusign or other electronic signature) or other transmission method shall be deemed to have been duly and validly delivered and shall be sufficient to bind the parties to the terms and conditions of this Agreement.

(b) This Agreement, the Ancillary Agreements. the exhibits, annexes and schedules hereto and thereto, and the NDA Side Agreement, contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties with respect to such subject matter other than those set forth or referred to herein or therein.

(c) Illumina represents on behalf of itself and each other member of the Illumina Group, and GRAIL represents on behalf of itself and each other member of the GRAIL Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been or will be duly executed and delivered by it and constitutes or will constitute a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 9.2. **Negotiation by Senior Executives**. Prior to bringing an Action relating to a Dispute, the Parties shall first seek to settle amicably all Disputes by negotiation. The Parties shall first attempt in good faith to resolve the Dispute by negotiation in the normal course of business at the operational level within thirty (30) days after written notice is received by either Party regarding the existence of a Dispute (the "Initial Notice"). If the

Parties are unable to resolve the Dispute within such thirty (30)-day period, the Parties shall then attempt in good faith to resolve the Dispute by negotiation between executives designated by the Parties who hold, at a minimum, the office of Senior Vice President and/or General Counsel (such designated executives, the "Dispute Committee"). Such Dispute Committee members and other applicable executives shall meet in person or by teleconference or video conference within thirty (30) days following the end of the thirty (30)-day period of negotiations to seek a resolution of the Dispute. In the event that the Dispute Committee and other applicable executives are unable to agree to a format for such meeting, the meeting shall be convened in person at a mutually acceptable location in San Diego, California. Notwithstanding the foregoing, a Party may bring an Action without following the procedures set forth in this Section 9.2 in order to meet any applicable statute of limitations, other contractual survival term or in the event of *bona fide* exigent circumstances.

Section 9.3. **Arbitration**. (a) Any Dispute not finally resolved pursuant to Section 9.2 within sixty (60) days from the delivery of the Initial Notice shall be resolved by binding arbitration in accordance with this Section 9.3. Any Dispute subject to arbitration pursuant to this Section 9.3 shall be determined and resolved by final and binding arbitration, the seat of which shall be in New York, New York, before a panel of three arbitrators. The arbitration shall proceed in accordance with and shall be governed by the *Commercial Arbitration Rules* (the "AAA Rules") of the American Arbitration Association ("AAA") then in effect. The claimant shall nominate one (1) arbitrator and the respondent shall nominate one (1) arbitrator within the time limits specified in the AAA Rules. The chairperson shall be nominated by the two (2) appointed arbitrators within fifteen (15) Business Days of the appointment of the second arbitrator, failing which the chairperson shall be appointed by the AAA. Unless the parties to the arbitration otherwise agree in writing, the arbitrators so selected shall be independent and shall not have any material past or existing affiliation with any Party.

(b) The arbitrators shall apply the governing law set forth in Section 9.4 and shall have authority to entertain a motion for summary judgment by any Party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. Unless otherwise agreed by the Parties in writing, discovery shall be limited to only: (i) documents directly related to the issues in controversy, (ii) no more than three (3) depositions per Party for any Dispute asserting claims exceeding $1 million (or equivalent value) or seeking injunctive relief, or two (2) depositions per Party for all other Disputes and (iii) ten (10) interrogatories per Party. The arbitration procedures shall include provision for production of documents relevant to the Dispute; provided that all discovery, if any, shall be completed within ninety (90) days of the appointment of the arbitrators or as soon as practicable thereafter.

(c) The provisions of this Section 9.3 are intended to provide the exclusive method of resolving any Dispute, including injunctive relief; provided, however, that a Party may commence and prosecute an action in any court of competent jurisdiction for the purpose of enforcing or seeking to vacate an arbitration award hereunder.

(d) The agreement to arbitrate any Dispute set forth in this Section 9.3 shall continue in full force and effect subsequent to, and notwithstanding the completion, expiration or termination of, this Agreement.

(e) Each Party shall bear its own costs of the arbitration and share equally the arbitrators' fee and the administrative costs; provided that the prevailing Party shall be entitled to payment of its reasonable attorneys' fees and costs (unless applicable Law restricts or prohibits such fee shifting).

(f) The Parties agree to keep confidential all awards in their arbitration, together with all materials in the proceedings created for the purpose of the arbitration and all other documents produced by another Party in the proceedings not otherwise in the public domain, save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in legal proceedings before a court or other judicial authority.

Section 9.4. **Governing Law**. This Agreement (and any claims or Disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 9.5. **Waiver of Jury Trial**. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY BASED UPON, RELATING TO OR ARISING FROM THIS AGREEMENT AND ANY OF THE ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE SUCH WAIVER, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (III) IT MAKES SUCH WAIVER VOLUNTARILY AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.5.

Section 9.6. **Assignability**. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the other Party or the other parties hereto and thereto, respectively, and their respective successors and permitted assigns; provided, however, that no Party or party thereto may assign its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other Party or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement or the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any member of its Group from being party to or undertaking a change of control.

Section 9.7. **Third-Party Beneficiaries**. Except for the release and indemnification rights under this Agreement of any Illumina Indemnitee or GRAIL Indemnitee in their respective capacities as such, and the provisions of Section 5.1(d) as to directors and officers of Illumina Group and GRAIL Group: (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person (including any stockholders of Illumina or stockholders of GRAIL) except the Parties hereto any rights or remedies hereunder; and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third Person (including any stockholders of Illumina or stockholders of GRAIL) with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

Section 9.8. **Notices**. All notices, requests, claims, demands or other communications under this Agreement and, to the extent applicable, and unless otherwise provided thereunder, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by email with receipt confirmed, or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.8):

If to Illumina, to:

Illumina, Inc.
5200 Illumina Way
San Diego, CA 92122
Attention: Legal Department
Email: legalnotices@illumina.com

with a copy (which shall not constitute notice) to:

Cravath, Swaine & Moore LLP
Two Manhattan West
375 Ninth Avenue
New York, NY 10001
Attention: Andrew J. Pitts
Ting S. Chen
Daniel J. Cerqueira
Email: apitts@cravath.com
tchen@cravath.com
dcerquiera@cravath.com

If to GRAIL, to:

GRAIL, LLC
1525 O'Brien Drive
Menlo Park, California 94025
Attention: Bob Ragusa
Aaron Freidin
Abram Barth
Don Lang
Email: bragusa@grailbio.com
afreidin@grailbio.com
abarth@grailbio.com
dlang@grailbio.com

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
355 South Grand Avenue, Suite 100
Los Angeles, CA 90071
Attention: W. Alex Voxman
Andrew Clark
Ross McAloon
Alexa Berlin
Email: alex.voxman@lw.com
andrew.clark@lw.com
ross.mcaloon@lw.com
alexa.berlin@lw.com

Any Party may, by notice to the other Party, change the address and contact person to which any such notices are to be given.

Section 9.9. **Severability**. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.10. **Force Majeure**. No Party shall be deemed in default of this Agreement or, unless otherwise provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation, other than a delay or failure to make a payment, so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 9.11. **Publicity**. Each of GRAIL and Illumina shall consult with the other, and shall, subject to the requirements of Section 6.10, provide the other Party the opportunity to review and comment upon, any press releases or other public statements in connection with the Separation, Distribution or any of the other transactions contemplated hereby and any filings with any Governmental Authority or national securities exchange with respect thereto, in each case prior to the issuance or filing thereof, as applicable (including the Form 10, the Parties' respective Current Reports on Form 8-K to be filed on the Distribution Date, the Parties' respective Quarterly Reports on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs, or if such quarter is the fourth fiscal quarter, the Parties' respective Annual Reports on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs (each such Quarterly Report on Form 10-Q or Annual Report on Form 10-K, a "First Post-Distribution Report")). Each Party's obligations pursuant to this Section 9.11 shall terminate on the date on which such Party's First Post-Distribution Report is filed with the SEC. Notwithstanding the foregoing, no later than one (1) Business Day after the Effective Time, GRAIL and Illumina shall issue a joint press release mutually agreed by the Parties regarding the consummation of the Separation and Distribution.

Section 9.12. **Expenses**

. Any expenses and costs incurred in connection with the Distribution after the Effective Time shall be borne by the Party which incurs such expenses.

Section 9.13. **Late Payments**. Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus one and one-half percent (1.5%) or the maximum rate permitted by Law, whichever is less.

Section 9.14. **Headings**. The article, section and paragraph headings and the table of contents contained in this Agreement or any Ancillary Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

Section 9.15. **Survival of Covenants**. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and the Ancillary Agreements, and liability for the breach of any obligations contained herein or therein, shall survive the Separation and the Distribution and shall remain in full force and effect in accordance with their terms.

Section 9.16. **Waivers of Default**. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.17. **Specific Performance**. Subject to Sections 9.2 and 9.3, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 9.18. **Amendments**. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it sought to enforce such waiver, amendment, supplement or modification is sought to be enforced; provided, at any time prior to the Effective Time, the terms and conditions of this Agreement, including terms relating to the Separation and the Distribution, may be amended, modified or abandoned by and in the sole and absolute discretion of the Illumina Board without the approval of any Person, including GRAIL or Illumina; provided, further, that if any such amendment or modification would affect the GRAIL Group adversely in a material respect after the Effective Time, then such amendment or modification shall require the prior written consent of GRAIL.

Section 9.19. **Construction**. This Agreement shall be construed as if jointly drafted by the Parties and no rule of construction or strict interpretation shall be applied against either Party. The Parties represent that this Agreement is entered into with full consideration of any and all rights which the Parties may have. The Parties have conducted such investigations they thought appropriate, and have consulted with such advisors as they deemed appropriate regarding this Agreement and their rights and asserted rights in connection therewith. The Parties are not relying upon any representations or statements made by the other Party, or such other Party's employees, agents, representatives or attorneys, regarding this Agreement, except to the extent such representations are expressly set forth or incorporated in this Agreement. The Parties are not relying upon a legal duty, if one exists, on the part of the other Party (or such other Party's employees, agents, representatives or attorneys) to disclose any information in connection with the execution of this Agreement or their preparation, it being expressly understood that neither Party shall ever assert any failure to disclose information on the part of the other Party as a ground for challenging this Agreement.

Section 9.20. **Limited Liability**. Notwithstanding any other provision of this Agreement, no individual who is a stockholder, director, employee, officer, agent or representative of Illumina or GRAIL, in such individual's capacity as such, shall have any liability in respect of or relating to the covenants or obligations of Illumina or GRAIL, as applicable, under this Agreement or any Ancillary Agreement or in respect of any certificate delivered with respect hereto or thereto and, to the fullest extent legally permissible, each of Illumina or GRAIL, for itself and its respective Subsidiaries and its and their respective stockholders, directors, employees and officers, waives and agrees not to seek to assert or enforce any such liability that any such Person otherwise might have pursuant to applicable Law.

Section 9.21. **Exclusivity of Tax Matters**. Notwithstanding any other provision of this Agreement (other than Sections 4.2(c) and 5.5(g)), the Tax Matters Agreement shall exclusively govern all matters related to Taxes (including allocations thereof) addressed therein. If there is a conflict between any provision of this Agreement or of an Ancillary Agreement (other than the Tax Matters Agreement), on the one hand, and the Tax Matters Agreement, on the other hand, and such provisions relate to matters addressed by the Tax Matters Agreement, the Tax Matters Agreement shall control.

Section 9.22. **Exclusivity of Employee Matters**. Notwithstanding any other provision of this Agreement (other than Sections 4.2(c) and 5.6(f)), the Employee Matters Agreement shall exclusively govern all matters relating to employees (including allocations thereof) addressed therein. If there is a conflict between any provisions of this Agreement or of an Ancillary Agreement (other than the Employee Matters Agreement), on the one hand, and the Employee Matters Agreement, on the other hand, and such provisions relate to matters addressed by the Employee Matters Agreement, the Employee Matters Agreement shall control.

Section 9.23. **Exclusivity of Retained Stock Matters**. Notwithstanding any other provision of this Agreement (other than Sections 4.2(c) and 5.6(f)), the Registration Rights Agreement shall exclusively govern all matters relating to the Retained Stock (including allocations thereof) addressed therein. If there is a conflict between any provisions of this Agreement or of an Ancillary Agreement (other than the Registration Rights Agreement), on the one hand, and the Registration Rights Agreement, on the other hand, and such provisions relate to matters addressed by the Registration Rights Agreement, the Registration Rights Agreement shall control.

Section 9.24. **Limitations of Liability**. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT TO THE CONTRARY, NEITHER GRAIL NOR ITS AFFILIATES, ON THE ONE HAND, NOR ILLUMINA NOR ITS AFFILIATES, ON THE OTHER HAND, SHALL BE LIABLE UNDER THIS AGREEMENT OR ANY ANCILLARY AGREEMENT TO THE OTHER FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER ARISING IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (OTHER THAN (A) ANY SUCH LIABILITY WITH RESPECT TO INDEMNIFICATION OF SUCH DAMAGES, INCLUDING ALL COSTS, EXPENSES, INTEREST, ATTORNEYS' FEES, DISBURSEMENTS AND EXPENSES OF COUNSEL, EXPERT AND CONSULTING FEES AND COSTS RELATED THERETO OR TO THE INVESTIGATION OR DEFENSE THEREOF, PAID BY AN INDEMNITEE IN RESPECT OF A THIRD-PARTY CLAIM AND (B) ANY CONSEQUENTIAL DAMAGES TO THE EXTENT REASONABLY FORESEEABLE).

*[Signature Page to Follow.]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

**ILLUMINA, INC.**

By: _____
Name:
Its:

[*Signature Page to Separation and Distribution Agreement*]

**GRAIL, LLC**

By: _____
Name:
Its:

[*Signature Page to Separation and Distribution Agreement*]

**GRAIL, INC.**

**2024 INCENTIVE AWARD PLAN**

## ARTICLE I.
## PURPOSE

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities and/or equity-linked compensatory opportunities. Capitalized terms used in the Plan are defined in Article XI.

## ARTICLE II.
## ELIGIBILITY

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

## ARTICLE III.
## ADMINISTRATION AND DELEGATION

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award Agreement as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 Appointment of Committees. To the extent Applicable Laws permit, the Board or the Administrator may delegate any or all of its powers under the Plan to one or more Committees or committees of officers of the Company or any of its Subsidiaries. The Board or the Administrator, as applicable, may rescind any such delegation, abolish any such Committee or committee and/or re-vest in itself any previously delegated authority at any time.

## ARTICLE IV.
## STOCK AVAILABLE FOR AWARDS

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, the maximum number of Shares that may be issued pursuant to Awards under the Plan shall be equal to the Overall Share Limit.

4.2 Share Recycling. If all or any part of an Award expires, lapses or is terminated, exchanged for or settled in cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will, as applicable, become or again be available for Award grants under the Plan. In addition, Shares delivered

(either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation with respect to an Award (including Shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) will, as applicable, become or again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 4.1 and shall not be available for future grants of Awards: (i) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (ii) Shares purchased on the open market with the cash proceeds from the exercise of Options.

4.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than [_____] Shares may be issued pursuant to the exercise of Incentive Stock Options.

4.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees, Consultants or Directors prior to such acquisition or combination.

4.5 Non-Employee Director Compensation. Notwithstanding any provision to the contrary in the Plan, the Administrator may establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan. The Administrator will from time to time determine the terms, conditions and amounts of all such non-employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that, commencing with the calendar year following the calendar year in which the Effective Date occurs, the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director during any fiscal year of the Company may not exceed $750,000 (increased to $1,000,000 in the fiscal year of a non-employee Director's initial service as a non-employee Director or any fiscal year in which a non-employee Director serves as lead independent Director) (the "***Director Limit***"), which limits shall not apply to the compensation paid to any non-employee Director of the Company for services in any capacity that is separate from the individual's services as a non-employee Director. The Administrator may make exceptions to this limit for individual non-employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

## ARTICLE V.
## STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. The exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option (subject to Section 5.6) or Stock Appreciation Right. Notwithstanding the foregoing, in the case of an Option or a Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; *provided that* the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that, subject to Section 5.6, the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day that an Option (other than an Incentive Stock Option) or Stock Appreciation Right (as applicable) remains exercisable in accordance with its terms following a Termination of Service, (i) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (ii) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the period during which the Option or Stock Appreciation Right may be exercised shall be automatically extended until the date that is 30 days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall any such extension last beyond the ten year term (or any shorter maximum, if applicable) of the applicable Option or Stock Appreciation Right. Notwithstanding the foregoing, to the extent permitted under Applicable Laws, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines.

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company (or its Agent) a written notice of exercise, in a form the Administrator approves (which may be electronic and provided through the online platform maintained by an Agent), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by online payment through the Agent's electronic platform or by wire transfer of immediately available funds to the Agent or, in each case, if the Company has no Agent accepting payment (or otherwise with the consent of the Administrator), by wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted, in each case, as determined and to the extent permitted by the Administrator:

(a) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (i) delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (ii) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(b) delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value;

(c) surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(d) delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(e) any combination of the above payment forms approved by the Administrator.

5.6 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the $100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

## ARTICLE VI.
## RESTRICTED STOCK; RESTRICTED STOCK UNITS

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company's right to repurchase all or part of such Shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such Shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement.

6.2 Restricted Stock.

(a) Dividends. Subject to the terms of this Section 6.2(a), Participants holding Shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid. Notwithstanding anything to the contrary herein, with respect to any award of Restricted Stock, dividends which are paid to holders of Common Stock prior to vesting shall only be paid out to a Participant holding such Restricted Stock to the extent that the vesting conditions are subsequently satisfied. All such dividend payments will be made no later than March 15 of the calendar year following the calendar year in which the right to the dividend payment becomes nonforfeitable.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of Shares of Restricted Stock, together with a stock power endorsed in blank.

6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

## ARTICLE VII.
## OTHER STOCK OR CASH BASED AWARDS; DIVIDEND EQUIVALENTS

7.1 Other Stock or Cash Based Awards. Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will 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. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. In addition, the Company may adopt subplans or programs under the Plan pursuant to which it makes Awards available in a manner consistent with the terms and conditions of the Plan.

7.2 Dividend Equivalents. A grant of Restricted Stock Units or Other Stock or Cash Based Award may provide a Participant with the right to receive Dividend Equivalents, and no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Award with respect to which the Dividend Equivalents are paid and subject to other terms and conditions as set forth in the Award Agreement. Notwithstanding anything to the contrary herein, Dividend Equivalents with respect to an Award shall only be paid out to a Participant to the extent that the vesting conditions applicable to the underlying Award are satisfied. All such Dividend Equivalent payments will be made no later than March 15 of the calendar year following the calendar year in which the right to the Dividend Equivalent payment becomes nonforfeitable in accordance with the foregoing, unless otherwise determined by the Administrator or unless deferred in a manner intended to comply with Section 409A.

## ARTICLE VIII.
## ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS

8.1 Equity Restructuring(a) . In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include (if applicable) adjusting the number and type of securities subject to each outstanding Award, adjusting the Award's exercise price, grant price and/or applicable performance goals, granting new Awards to Participants, and/or making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken in connection with the occurrence of such transaction or event (any action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) is hereby

authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, or equivalent value thereof in cash, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price or applicable performance goals), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator; and/or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 Effect of Non-Assumption in a Change in Control.

(a) Notwithstanding the provisions of Section 8.2, if a Change in Control occurs and a Participant's Award(s) are not continued, converted, assumed, or replaced with a substantially similar award by (a) the Company, or (b) a successor entity or its parent or subsidiary (an "***Assumption***"), and provided that the Participant has not had a Termination of Service, then, immediately prior to the Change in Control, such Award(s) shall become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Award(s) shall lapse, in which case, such Award(s) shall be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Stock (i) which may be on such terms and conditions as apply generally to holders of Common Stock under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and (ii) determined by reference to the number of Shares subject to such Award(s) and net of any applicable exercise price; provided that to the extent that any Award(s) constitute "nonqualified deferred compensation" that may not be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A (including

payments as a result of any termination of "nonqualified deferred compensation" Awards permitted under Section 409A in connection with a Change in Control), the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if the amount to which the Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. The Administrator shall determine whether an Assumption of an Award has occurred in connection with a Change in Control.

8.4 Administrative Stand Still. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to 60 days before or after such transaction.

8.5 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

## ARTICLE IX.
## GENERAL PROVISIONS APPLICABLE TO AWARDS

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except for certain Designated Beneficiary designations, by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how the disability, death, retirement, an authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company or a Subsidiary, or make provision satisfactory to the Administrator for payment of, any taxes required by Applicable Law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company or any Subsidiary may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company or a Subsidiary after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations through the Agent's electronic platform or by wire transfer of immediately available funds to the Agent (or, in each case, if the Company has no Agent accepting payment, by wire transfer of immediately available funds to the Company) or, solely with the consent of the Administrator, by (i) in cash, by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or more of the payment forms below is permitted, (ii) to the extent permitted by the Company, in whole or in part by delivery of Shares, including Shares delivered by attestation and Shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery, (iii) subject to Section 9.10, if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (A) by delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) by delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Company, or (iv) to the extent permitted by the Company, by any combination of the foregoing payment forms approved by the Company. Notwithstanding any other provision of the Plan, the number of Shares which may be so delivered or retained pursuant to clause (ii) of the immediately preceding sentence shall not exceed the number of Shares which have a Fair Market Value on the date of delivery or retention which is no greater than the aggregate amount of such liabilities based on the maximum applicable statutory withholding rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America), Subject to Section 9.10, if any tax withholding obligation will be satisfied under clause (ii) above by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may, without the approval of the stockholders of the Company,

(i) reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or (ii) cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

9.10 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (i) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (ii) such Shares may be sold as part of a block trade with other Participants in the Plan in which all Participants receive an average price; (iii) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (iv) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (v) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (vi) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

## ARTICLE X.
## MISCELLANEOUS

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company or any of its Subsidiaries. The Company and its Subsidiaries expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement or in the Plan.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Board, the Plan will become effective on the day prior to the Public Trading Date (the "***Effective Date***") and will remain in effect until the tenth anniversary of the earlier of (i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. Notwithstanding anything to the contrary in the Plan, an Incentive Stock Option may not be granted under the Plan after 10 years from the earlier of (i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. If the Plan is not approved by the Company's stockholders, the Plan will not become effective, no Awards will be granted under the Plan.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment to the Plan, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after the Plan's termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service." Furthermore, notwithstanding any contrary provision of the Plan or any Award Agreement, any payment of "nonqualified deferred compensation" under the Plan that may be made in installments shall be treated as a right to receive a series of separate and distinct payments.

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to 180 days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.9 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "***Data***"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive,

possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. If the Participant refuses or withdraws the consents in this Section 10.9, the Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that the specific provision of the Plan will not apply. For clarity, the foregoing sentence shall not limit the applicability of any additive language contained in an Award Agreement or other written agreement which provides supplemental or additional terms not inconsistent with the Plan.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Claw-back Provisions. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of any Award or upon the receipt or sale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, the Company's Policy for Recovery of Erroneously Awarded Compensation and any other any claw-back policy adopted to comply with Applicable Laws, as and to the extent set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

## ARTICLE XI.
## DEFINITIONS

As used in the Plan, the following words and phrases will have the following meanings:

11.1 "***Administrator***" means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

11.2 *"**Agent***" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or a Participant with regard to the Plan.

11.3 "***Applicable Laws***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.4 "***Award***" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Dividend Equivalents, or Other Stock or Cash Based Awards.

11.5 "***Award Agreement***" means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.6 "***Board***" means the Board of Directors of the Company.

11.7 "***Cause***" means, with respect to a Participant, "Cause" (or any term of similar effect) as defined in such Participant's employment or service agreement with the Company or an Affiliate thereof if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then "Cause" shall mean one or more of the following: (a) a Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company, (b) a Participant's material breach of any agreement with the Company or any of its Subsidiaries or material failure to comply with the Company's applicable policies or rules, (c) a Participant's commission of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State, (d) a Participant's gross negligence or willful misconduct, (e) a Participant's continuing failure to perform assigned duties after receiving written notification of the failure from the Company or (f) a Participant's failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Participant's cooperation.

11.8 "***Change in Control***" means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.9 "***Code***" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.10 "***Committee***" means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.11 "***Common Stock***" means the common stock of the Company.

11.12 "***Company***" means GRAIL, Inc., a Delaware corporation, or any successor.

11.13 "***Consultant***" means any consultant or advisor engaged by the Company or any of its Subsidiaries to render services to such entity, who qualifies as a consultant or advisor under the applicable rules of Form S-8 Registration Statement.

11.14 "***Designated Beneficiary***" means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant's rights if the Participant dies or becomes incapacitated. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate.

11.15 "***Director***" means a Board member.

11.16 "***Disability***" means a permanent and total disability under Section 22(e)(3) of the Code, as amended.

11.17 "***Dividend Equivalents***" means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.18 "***Employee***" means any employee of the Company or its Subsidiaries.

11.19 "***Equity Restructuring***" means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, or other large, nonrecurring cash dividend, that affects the Shares (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.20 "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

11.21 "***Fair Market Value***" means, as of any date, the value of a share of Common Stock determined as follows: (a) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (b) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; or (c) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

Notwithstanding the foregoing, with respect to any Award granted on the pricing date of the Company's initial public offering, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

11.22 "***Greater Than 10% Stockholder***" means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.23 "***Incentive Stock Option***" means an Option intended to qualify as an "incentive stock option" as defined in Section 422 of the Code.

11.24 "***Non-Qualified Stock Option***" means an Option, or portion thereof, not intended or not qualifying as an Incentive Stock Option.

11.25 "***Option***" means an option to purchase Shares, which will either be an Incentive Stock Option or a Non-Qualified Stock Option.

11.26 "***Other Stock or Cash Based Awards***" means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property awarded to a Participant under Article VII.

11.27 "***Overall Share Limit***" means the sum of (a) [_____] Shares;; and (b) an annual increase on the first day of each calendar year beginning on and including January 1, 2025 and ending on and including January 1, 2034, equal to the lesser of (i) 5% of the aggregate number of Shares outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of Shares as is determined by the Board.

11.28 "***Participant***" means a Service Provider who has been granted an Award.

11.29 "***Performance Criteria***" means the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include (but is not limited to) the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; operating efficiency; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships, collaborations and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition, licensing or divestiture activity;

investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

11.30 "***Plan***" means this 2024 Incentive Award Plan.

11.31 "***Public Trading Date***" means the first date upon which the Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system, or, if earlier, the date on which the Company becomes a "publicly held corporation" for purposes of Treasury Regulation Section 1.162-27(c)(1).

11.32 "***Restricted Stock***" means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.33 "***Restricted Stock Unit***" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.34 "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act.

11.35 "***Section 409A***" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.36 "***Securities Act***" means the Securities Act of 1933, as amended.

11.37 "***Service Provider***" means an Employee, Consultant or Director.

11.38 "***Shares***" means shares of Common Stock.

11.39 "***Stock Appreciation Right***" means a stock appreciation right granted under Article V.

11.40 "***Subsidiary***" means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.41 "***Substitute Awards***" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

11.42 "***Termination of Service***" means the date the Participant ceases to be a Service Provider; *provided, that*, a "Termination of Service" will not be deemed to have occurred during any period of military leave, sick leave or other personal leave, in any case, as approved by the Administrator.

* * * * *

**GRAIL, INC.**

**2024 INCENTIVE AWARD PLAN**

**RESTRICTED STOCK UNIT GRANT NOTICE**

GRAIL, Inc., a Delaware corporation (the "***Company***"), has granted to the participant listed below ("***Participant***") the Restricted Stock Units (the "***RSUs***") described in this Restricted Stock Unit Grant Notice (this "***Grant Notice***"), subject to the terms and conditions of the Grail, Inc. 2024 Incentive Award Plan (as amended from time to time, the "***Plan***") and the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

| | |
|---|---|
| **Participant:** | [____] |
| **Grant Date:** | [____] |
| **Number of RSUs:** | [____] |
| **Vesting Commencement Date:** | [____] |
| **Vesting Schedule:** | [To be specified] |

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

| **GRAIL, INC.** | **PARTICIPANT** |
|---|---|
| By: _____ | _____ |
| Name: _____ | [Participant Name] |
| Title: _____ | |

**RESTRICTED STOCK UNIT AGREEMENT**

Capitalized terms not specifically defined in this Restricted Stock Unit Agreement (this "***Agreement***") have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

## ARTICLE I.
## GENERAL

1.1 Award of RSUs. The Company has granted the RSUs to Participant effective as of the Grant Date set forth in the Grant Notice (the "***Grant Date***"). Each RSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control. For clarity, the foregoing sentence shall not limit the applicability of any additive language contained in this Agreement which provides supplemental or additional terms not inconsistent with the Plan.

1.3 Unsecured Promise. The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

## ARTICLE II.
## VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole vested RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company (after taking into consideration any accelerated vesting which may occur in connection with such Termination of Service, if any).

2.2 Settlement.

(a) The RSUs that vest will be paid in Shares as soon as administratively practicable after the vesting of the applicable RSU, but in no event later than March 15 of the year following the year in which the RSU's vesting date occurs.

(b) Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law or an applicable provision of the Plan until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)); *provided* the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

**ARTICLE III.**
**TAXATION AND TAX WITHHOLDING**

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this award of RSUs (the "***Award***") and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) Unless the Administrator otherwise determines, the Company shall withhold, or cause to be withheld, Shares otherwise vesting or issuable under this Award (including the RSUs) in satisfaction of any applicable withholding tax obligations, in accordance with the Plan.

(b) The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a Fair Market Value on the date of withholding no greater than the aggregate amount of such liabilities based on the maximum individual statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income, in accordance with Section 9.5 of the Plan.

(c) Notwithstanding the foregoing, the Company may in its discretion elect to satisfy applicable withholding tax obligations by any of the following means:

(i) Cash or check;

(ii) In whole or in part by delivery of Shares, including Shares delivered by attestation (which may include Shares retained from the Award), valued at their Fair Market Value on the date of delivery; or

(iii) Subject to Sections 9.5 and 9.10 of the Plan, delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional instruction by Participant to a broker acceptable to the Company placing a market sell order with such broker with respect to Shares then-issuable upon settlement of the Award and instructing the broker to deliver promptly to the Company sufficient funds to satisfy the tax withholding obligations.

(d) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and its Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

(e) Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

**ARTICLE IV.**
**OTHER PROVISIONS**

4.1 Adjustments. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Clawback. The Award and the Shares issuable hereunder shall be subject to any clawback or recoupment policy in effect on the Grant Date or as may be adopted or maintained by the Company following the Grant Date, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company's stock plan administrator at stockadmin@grailbio.com . Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the Designated Beneficiary) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to a single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement; Amendment. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however,* that except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall materially and adversely affect the Participant's rights under the Award without the prior written consent of Participant.

4.9 Severability. If any portion of the Grant Notice or this Agreement or any action taken under the Grant Notice or this Agreement, in any case is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Grant Notice and/or this Agreement (as applicable), and the Grant Notice and/or this Agreement (as applicable) will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

4.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

4.11 Not a Contract of Employment or Service. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.13 Governing Law. The Grant Notice and this Agreement will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of [Delaware].

* * * * *

**GRAIL, INC.**

**2024 INCENTIVE AWARD PLAN**

**STOCK OPTION GRANT NOTICE**

GRAIL, Inc., a Delaware corporation (the "***Company***") has granted to the participant listed below ("***Participant***") the stock option (the "***Option***") described in this Stock Option Grant Notice (the "***Grant Notice***"), subject to the terms and conditions of the GRAIL, Inc. 2024 Incentive Award Plan (as amended from time to time, the "***Plan***") and the Stock Option Agreement attached hereto as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

| | |
|---|---|
| **Participant:** | [____] |
| **Grant Date:** | [____] |
| **Exercise Price per Share:** | [Can be no less than 100% of the FMV on the Grant Date] |
| **Shares Subject to the Option:** | [____] |
| **Final Expiration Date:** | [To be no later than 10th anniversary of Grant Date] |
| **Vesting Commencement Date:** | [____] |
| **Vesting Schedule:** | [To be specified] |
| **Type of Option** | [Incentive Stock Option]/[Non-Qualified Stock Option] |

By accepting (whether in writing, electronically or otherwise) the Option, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

| **GRAIL, INC.** | **PARTICIPANT** |
|---|---|
| By: _____ | _____ |
| Name: _____ | [Participant Name] |
| Title: _____ | |

[Signature Page to Stock Option Grant Notice]

**STOCK OPTION AGREEMENT**

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

**ARTICLE I.**
**GENERAL**

1.1 Grant of Option. The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the "***Grant Date***").

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control. For clarity, the foregoing sentence shall not limit the applicability of any additive language contained in this Agreement which provides supplemental or additional terms not inconsistent with the Plan.

**ARTICLE II.**
**PERIOD OF EXERCISABILITY**

2.1 Commencement of Exercisability. The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "***Vesting Schedule***") except that any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole vested Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, unless the Administrator otherwise determines, the Option will immediately expire and be forfeited as to any portion of the Option that is not vested and exercisable as of Participant's Termination of Service for any reason (after taking into consideration any accelerated vesting and exercisability which may occur in connection with such Termination of Service, if any).

2.2 Duration of Exercisability. The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

(a) The final expiration date in the Grant Notice, *provided*, *however*, that such final expiration date may be extended pursuant to Section 5.3 of the Plan;

(b) Except as the Administrator may otherwise approve, the expiration of three months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;

(c) Except as the Administrator may otherwise approve, the expiration of one year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and

(d) Except as the Administrator may otherwise approve, the start of business on the date of Participant's Termination of Service for Cause.

## ARTICLE III.
## EXERCISE OF OPTION

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding; Exercise Price.

(a) Unless the Administrator otherwise determines, the Company shall withhold, or cause to be withheld, Shares otherwise vesting or issuable under this Option in satisfaction of any exercise price and/or applicable withholding tax obligations, in accordance with the Plan. With respect to tax withholding obligations, the number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding no greater than the aggregate amount of such liabilities based on the maximum individual statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income, in accordance with Section 9.5 of the Plan.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

(c) Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

## ARTICLE IV.
## OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Clawback. The Option and the Shares issuable hereunder shall be subject to any clawback or recoupment policy in effect on the Grant Date or as may be adopted or maintained by the Company following the Grant Date, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company's stock plan administrator at stockadmin@grailbio.com . Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the Designated Beneficiary) at Participant's last known

mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement; Amendment. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall materially and adversely affect Participant's rights under the Option without the prior written consent of Participant.

4.9 Severability. If any portion of the Grant Notice or this Agreement or any action taken under the Grant Notice or this Agreement, in any case is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Grant Notice and/or this Agreement (as applicable), and the Grant Notice and/or this Agreement (as applicable) will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

4.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof

4.11 Not a Contract of Employment or Service. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.13 Incentive Stock Options. If the Option is designated as an Incentive Stock Option:

(a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which stock options intended to qualify as "incentive stock options" under Section 422 of the Code, including the Option, are exercisable for the first time by Participant during any calendar year exceeds $100,000 or if for any other reason such stock options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such stock options (including the Option) will be treated as non-qualified stock options. Participant further acknowledges that the rule set forth in the preceding sentence will be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code. Participant also acknowledges that if the Option is exercised more than three months after Participant's Termination of Service, other than by reason of death or disability, the Option will be taxed as a Non-Qualified Stock Option.

(b) Participant will give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (i) within two years from the Grant Date or (ii) within one year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

4.14 Governing Law. The Grant Notice and this Agreement will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

* * * * *

**Exhibit 10.11**

# INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement ("Agreement") is made as of _____ __, 20__ by and between GRAIL, Inc., a Delaware corporation (the "Company"), and _____, [a member of the Board of Directors/an officer/an employee/an agent] of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement of expenses.

## RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Company's Bylaws and Certificate of Incorporation require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Bylaws, the Certificate of Incorporation, and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and its directors, officers, and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to, and in furtherance of, the Bylaws, the Certificate of Incorporation and any resolutions adopted pursuant thereto, as well as any rights of Indemnitee under any directors' and officers' liability insurance policy, and is not a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, the Certificate of Incorporation, and available insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as [a/an] [officer/directors/employee/agent] without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as [a/an] [director/officer/employee/agent] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv) of this Agreement) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

Provided, however, that a Change in Control shall not include the Company's spin-off from Illumina, Inc. or any such related transactions.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, or Agent of the Company or an Enterprise.

(d) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) “Enterprise” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

(g) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees and other costs of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, excise taxes and penalties under the Employee Retirement Income Security Act of 1974, as amended, and all other disbursements, obligations, or expenses of the types customarily incurred in connection with preparing for or participating in a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) Expenses incurred in connection with recovery under any directors’ and officers’ liability insurance policies maintained by the Company, regardless of whether Indemnitee is ultimately determined to be entitled to such indemnification, advancement or Expenses or insurance recovery, as the case may be, and (iii) for purposes of Section 14(d) of this Agreement only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, the Bylaws, the Certificate of Incorporation or under any directors’ and officers’ liability insurance policies maintained by the Company, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee’s counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(h) Reference to “fines” shall include any excise tax assessed with respect to any employee benefit plan.

(i) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the five years prior to its selection or appointment has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(j) "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, or any other actual, threatened, pending or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, regulatory, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is, or will be involved as a party, potential party, non-party witness, or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to, or culminate in, the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with, or in respect of, such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue, or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue, or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Court of Chancery of the state of Delaware (the "Delaware Court") or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding to the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues, or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue, or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue, or matter.

Section 6. Indemnification for Expenses of a Witness. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate or provide information.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5 of this Agreement, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers, directors, employees or Agents) if Indemnitee is a party to, or threatened to be made a party to, any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to indemnify Indemnitee for:

(a) any amount actually paid to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 15(b) of this Agreement and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 15(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act);

(d) reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(e) any Proceeding initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (iii) such payment arises in connection with any mandatory counterclaim or cross claim brought or raised by Indemnitee in any Proceeding (or any part of any Proceeding) or (iv) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by or on behalf of Indemnitee in connection with:

i. any Proceeding (or any part of any Proceeding) not initiated by Indemnitee; or

ii. any Proceeding (or any part of any Proceeding) initiated by Indemnitee if

1 the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 of this Agreement (including Expenses incurred preparing and forwarding statement to the Company to support the Advances claimed), or

2 the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation.

(b) The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding eligible for advancement of expenses.

(c) Advances will be unsecured and interest free. Indemnitee hereby undertakes to repay any amounts so advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification or advancement, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

(c) The Company may not consent to the entry of any judgment directly against Indemnitee without the prior written consent of Indemnitee (not to be unreasonably withheld or delayed) which (i) includes an admission of fault of Indemnitee, (ii) does not include a full release of Indemnitee from all liability in respect of such Proceeding in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made, at the Indemnitee's choice:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct or the Indemnitee elects, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board)

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. If Independent Counsel is selected by Indemnitee, such selection shall provide written notice to the Company advising it of the identity of the Independent Counsel, and such selection will be subject to the approval of the Company which approval will not be unreasonable withheld, conditioned, or delayed. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) of this Agreement and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to such selection has not been resolved, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates, and the person with respect to whom all objections are so resolved or the person so appointed will act as Independent Counsel under Section 11(c) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons, or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by or on behalf of Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If the Company disputes a portion of the amounts for which indemnification is requested, the undisputed portion shall be paid and only the disputed portion withheld pending resolution of any such dispute.

(f) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification under this Agreement, the person, persons, or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper under the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct or is entitled to indemnification.

(b) If the determination of the Indemnitee's entitlement to indemnification has not been made pursuant to Section 12 of this Agreement within sixty (60) days after receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) of this Agreement (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period will not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel.

(c) The termination of any Proceeding or of any claim, issue, or matter therein by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on (i) the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, (ii) information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, (iii) the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or (iv) information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) are not exclusive and do not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other person affiliated with the Company or an Enterprise (including, but not limited to, a director, officer, trustee, partner, managing member, Agent or employee) may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding

designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a). The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial or arbitration on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14 unless (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with Indemnitees' request for indemnification, or (ii) the Company is prohibited from indemnifying Indemnitee under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding, or enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement, or defense of Indemnitee's rights under this Agreement, by litigation or otherwise, because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee under this Agreement. The Company, to the fullest extent permitted by law, will (within ten (10) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with a Proceeding concerning this Agreement, Indemnitee's other rights to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company, and will indemnify Indemnitee against any and all such Expenses unless the court determines that Indemnitee's claims in such action were made in bad faith or frivolous, or that the Company is prohibited by law from indemnifying Indemnitee for such Expenses. If Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of the board of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, the Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more other Persons with whom or which Indemnitee may be associated [(including, without limitation, [Fund] and certain of its affiliates, collectively the "Fund Indemnitors")].

i. The Company hereby acknowledges and agrees:

1) the Company's obligations to Indemnitee are primary and any obligation of any other Persons, other than an Enterprise, are secondary (i.e., the Company is the indemnitor of first resort) with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding;

2) the Company is primarily liable for all indemnification or advancement of Expenses obligations for any Proceeding, whether created by law, the Bylaws, the Certificate of Incorporation, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the Company's obligations; and

4) the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated [(including, any Fund Indemnitor)] or an insurer of any such Person.

ii. the Company irrevocably waives, relinquishes and releases (A) any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement and (B) any right to participate in any claim or remedy of Indemnitee against any Person [(including, without limitation, any Fund Indemnitor)], whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Person [(including, without limitation, any Fund Indemnitor)], directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.

iii. In the event any other Person with whom or which Indemnitee may be associated (including, without limitation, any Fund Indemnitor) or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated (including, without limitation, any Fund Indemnitor) or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company's obligation to indemnify or advance Expenses to any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)].

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated [(including, without limitation, any Fund Indemnitor)] is specifically in excess over the Company's obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or Agents of the Company, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or Agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company's efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to, or arising from, Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or its insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(f) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 16. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to have a Corporate Status or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are (i) binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), (ii) continue as to an Indemnitee who has ceased to be a director, officer, employee or Agent of the Company or of any other Enterprise, and (iii) inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives. The Company shall require and shall cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to, by written agreement, expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 17. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement

containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and will remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 18. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification and advancement of Expenses in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company's stockholders or disinterested directors, or applicable law.

Section 19. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer, employee, or Agent of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as director, officer, employee, or Agent of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws, any directors' and officers' insurance maintained by the Company, and applicable law, is not a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be valid unless executed in writing by the party entitled to enforce the provision to be waived and any such waiver will not be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees to promptly notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise except to the extent that such failure actually and materially prejudices the interests of the Company.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted by the party to whom said notice or other communication shall have been directed or (c) sent by electronic transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Name: GRAIL, Inc.
Address: 1525 O'Brien Dr. Menlo Park, CA 94025
Attention: General Counsel
Email: abarth@grailbio.com

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, then, in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (a) agree that any action, claim, or proceeding between the parties arising out of or in connection with this Agreement may be brought only in the Delaware Court and not in any other state or federal court in the United States of America or any court in any other country, (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action, claim, or proceeding arising out of or in connection with this Agreement, (c) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (d) waive any objection to the laying of venue of any such action, claim, or proceeding in the Delaware Court, and (e) waive, and agree not to plead or to make, any claim that any such action, claim, or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

| COMPANY | INDEMNITEE |
| --- | --- |
| By: _____ | _____ |
| Name: | Name: |
| Office: | Address: _____ |
| | _____ |
| | _____ |

**GRAIL, INC.**

**2024 EMPLOYEE STOCK PURCHASE PLAN**

## ARTICLE I.
## PURPOSE

1.1 The purposes of this GRAIL, Inc. Employee Stock Purchase Plan (as it may be amended or restated from time to time, the "***Plan***") Plan are to assist Eligible Employees of the Company and its Designated Subsidiaries in acquiring a stock ownership interest in the Company and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

1.2 The Plan consists of two components: (i) the Section 423 Component and (ii) the Non-Section 423 Component. The Section 423 Component is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code and shall be administered, interpreted and construed in a manner consistent with the requirements of Section 423 of the Code. The Non-Section 423 Component authorizes the grant of rights which need not qualify as rights granted pursuant to an "employee stock purchase plan" under Section 423 of the Code. Rights granted under the Non-Section 423 Component shall be granted pursuant to separate Offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the Administrator and designed to achieve tax, securities laws or other objectives for Eligible Employees and Designated Subsidiaries but shall not be intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Except as otherwise determined by the Administrator or provided herein, the Non-Section 423 Component will operate and be administered in the same manner as the Section 423 Component. Offerings intended to be made under the Non-Section 423 Component will be designated as such by the Administrator at or prior to the time of such Offering.

1.3 For purposes of this Plan, the Administrator may designate separate Offerings under the Plan in which Eligible Employees will participate. The terms of these Offerings need not be identical, even if the dates of the applicable Offering Period(s) in each such Offering are identical, provided that the terms of participation are the same within each separate Offering under the Section 423 Component (as determined under Section 423 of the Code). Solely by way of example and without limiting the foregoing, the Company could, but shall not be required to, provide for simultaneous Offerings under the Section 423 Component and the Non-Section 423 Component of the Plan.

## ARTICLE II.
## DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates. Masculine, feminine and neuter pronouns are used interchangeably and each comprehends the others.

2.1 "***Administrator***" means the entity that conducts the general administration of the Plan as provided in Article XI. The term "Administrator" shall refer to the Committee (as defined in Section 11.1 below) unless the Board has assumed the authority for administration of the Plan as provided in Article XI.

2.2 *"**Agent***" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

2.3 *"**Applicable Law**"* means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which Shares are listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.

2.4 "***Board***" means the Board of Directors of the Company.

2.5 "***Change in Control***" means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any right to receive Shares issued under the Plan that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such right to receive Shares issued under the Plan shall only constitute a Change in Control for purposes of the payment timing of such right to receive Shares issued under the Plan if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.6 "***Code***" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

2.7 "***Common Stock***" means the common stock of the Company and such other securities of the Company that may be substituted therefore.

2.8 "***Company***" means GRAIL, Inc., a Delaware corporation, or any successor.

2.9 "***Compensation***" of an Eligible Employee means, unless otherwise determined by the Administrator, the gross cash compensation paid by the Company or its Subsidiary (as applicable) to such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, including for clarity, any prior-week adjustments; commissions; cash incentive compensation and one-time bonuses (e.g., retention or sign on bonuses); or compensation paid by the Company or any Designated Subsidiary in respect of periods of absence from work; and excluding any overtime payments, education or tuition reimbursements; travel expenses; business and moving reimbursements; income received in connection with any stock options, stock appreciation rights, restricted stock, restricted stock units or other compensatory equity awards; fringe benefits; other special payments, and all contributions made by the Company or any Designated Subsidiary for the Employee's benefit under any employee benefit plan now or hereafter established.

2.10 "***Designated Beneficiary***" means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant's rights if the Participant dies or becomes incapacitated. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate.

2.11 "***Designated Subsidiary***" means any Subsidiary designated by the Administrator in accordance with Section 11.2(b), such designation to specify whether such participation is in the Section 423 Component or Non-Section 423 Component. A Designated Subsidiary may participate in either the Section 423 Component or Non-Section 423 Component, but not both; *provided that* a Subsidiary that, for U.S. tax purposes, is disregarded from the Company or any Subsidiary that participates in the Section 423 Component shall automatically constitute a Designated Subsidiary that participates in the Section 423 Component.

2.12 "***Effectiv*e ***Date***" means the date on which the Plan is approved by the Company's stockholders.

2.13 "***Eligible Employee***" means an Employee who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Shares and other securities of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee. Notwithstanding the foregoing, the Administrator may provide in an Offering Document that an Employee shall not be eligible to participate in an Offering Period under the Section 423 Component if: (i) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code; (ii) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years); (iii) such Employee's customary employment is for twenty hours per week or less; (iv) such Employee's customary employment is for less than five months in any calendar year; and/or (v) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Shares under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Shares under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; *provided,* that any exclusion in clauses (i), (ii), (iii), (iv) or (v) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

Further notwithstanding the foregoing, with respect to the Non-Section 423 Component, the first sentence in this definition shall apply in determining who is an "Eligible Employee," except (A) the Administrator may further limit eligibility within the Company or within a Designated Subsidiary so as to only designate certain Employees of the Company or of a Designated Subsidiary as "Eligible Employees", and (B) to the extent the restrictions in the first sentence in this definition are not consistent with any applicable local law, such applicable local law shall control.

2.14 "***Employee***" means any individual who renders services to the Company or any Designated Subsidiary in the status of an employee, and, with respect to the Section 423 Component, a person who is an employee within the meaning of Section 3401(c) of the Code. For purposes of an individual's participation in, or other rights under the Plan, all determinations by the Company shall be final, binding and conclusive, notwithstanding that any court of law or governmental agency subsequently makes a contrary determination. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period.

2.15 "***Enrollment Date***" means the first Trading Day of each Offering Period unless otherwise specified in the Offering Document.

2.16 "***Fair Market Value***" means, as of any date, the value of Shares determined as follows: (i) if the Shares are listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Shares as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Shares are not traded on a stock exchange but are quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (iii) without an established market for the Shares, the Administrator will determine the Fair Market Value in its discretion; or (iv) with respect to the Initial Offering Period, the Fair Market Value as specified in the Offering Document approved by the Administrator with respect to the Initial Offering Period.

2.17 "***Initial Offering Period***" means the period commencing on the Effective Date and ending on the date set forth in the Offering Document approved by the Administrator with respect to the Initial Offering Period.

2.18 "***Non-Section 423 Component***" means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan, in each case, pursuant to which rights to purchase Shares during an Offering Period may be granted to Eligible Employees that need not satisfy the requirements for rights to purchase Shares granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

2.19 "***Offering***" means an offer by the Company under the Plan to Eligible Employees of a right to purchase Shares that may be exercised during an Offering Period, as further described in Article IV hereof. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees of the Company or a Designated Subsidiary shall be deemed a separate Offering, even if the dates and other terms of the applicable Offering Periods of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treasury Regulation § 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Section 423 Component and an Offering thereunder together satisfy Treasury Regulation § 1.423-2(a)(2) and (a)(3).

2.20 "***Offering Document***" has the meaning given to such term in Section 4.1.

2.21 "***Offering Period***" has the meaning given to such term in Section 4.1.

2.22 "***Parent***" means any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.23 "***Participant***" means any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Shares pursuant to the Plan (or, with respect to the Initial Offering Period, those Participants specified in the Offering Document approved by the Administrator with respect to the Initial Offering Period).

2.24 "***Payday***" means the regular and recurring established day for payment of Compensation to an Employee of the Company or any Designated Subsidiary.

2.25 *"**Plan***" means this 2024 Employee Stock Purchase Plan, including both the Section 423 Component and Non-Section 423 Component and any other sub-plans or appendices hereto, as amended from time to time.

2.26 "***Purchase Date***" means the last Trading Day of each Purchase Period (or, in the event no Purchase Period is designated by the Administrator in the applicable Offering Document, the last day of each Offering Period) or such other date as determined by the Administrator and set forth in the Offering Document.

2.27 "***Purchase Period***" shall refer to one or more specified periods within an Offering Period the last Trading Day of which constitutes a Purchase Date, as designated in the applicable Offering Document; *provided, however*, that, if no Purchase Period is designated by the Administrator in the applicable Offering Document, the Purchase Period for each Offering Period covered by such Offering Document shall be the same as the applicable Offering Period.

2.28 "***Purchase Price***" means the purchase price designated by the Administrator in the applicable Offering Document (which purchase price, for purposes of the Section 423 Component, shall not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); *provided, however*, that, if no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; *provided, further*, that the Purchase Price may be adjusted by the Administrator pursuant to Article VIII and shall not be less than the par value of a Share.

2.29 "***Section 423 Component***" means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan or any Offering(s), in each case, pursuant to which rights to purchase Shares during an Offering Period may be granted to Eligible Employees that are intended to satisfy the requirements for rights to purchase Shares granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

2.30 "***Securities Act***" means the U.S. Securities Act of 1933, as amended.

2.31 "***Share***" means a share of Common Stock.

2.32 "***Subsidiary***" means any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; *provided*, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary. In addition, with respect to the Non-Section 423 Component, Subsidiary shall include any corporate or non-corporate entity in which the Company has a direct or indirect equity interest or significant business relationship.

2.33 "***Trading Day***" means a day on which national stock exchanges in the United States are open for trading.

## ARTICLE III.
## SHARES SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to Article VIII, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be [_____] Shares. In addition to the foregoing, subject to Article VIII, on the first day of each calendar year beginning on January 1, 2025 and ending on and including January 1, 2034, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the lesser of (a) 1% of the aggregate number of Shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of Shares as determined by the Board. If any right granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such right shall again become available for issuance under the Plan. Notwithstanding anything in this Section 3.1 to the contrary, the number of Shares that may be issued or transferred pursuant to the rights granted under the Section 423 Component of the Plan shall not exceed an aggregate of [_____] Shares, subject to Article VIII.

3.2 Shares Distributed. Any Shares distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Shares, treasury shares or Shares purchased on the open market.

## ARTICLE IV.
## OFFERING PERIODS; OFFERING DOCUMENTS; PURCHASE DATES

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Shares under the Plan to Eligible Employees during one or more periods (each, an "***Offering Period***") selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an "***Offering Document***" adopted by the Administrator from time to time, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate and shall be incorporated by reference into and made part of the Plan. The Administrator shall establish in each Offering Document one or more Purchase Periods during such Offering Period during which rights granted under the Plan shall be exercised and purchases of Shares carried out during such Offering Period in accordance with such Offering Document and the Plan. The provisions of separate Offerings or Offering Periods under the Plan may be partially or wholly concurrent and need not be identical.

4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of this Plan by reference or otherwise):

(a) the length of the Offering Period, which period shall not exceed twenty-seven months;

(b) the length of the Purchase Period(s) within the Offering Period, which period(s), in the absence of a contrary designation by the Administrator, shall not exceed six months (or, in the event no Purchase Period is designated by the Administrator in the applicable Offering Document, twenty-seven months);

(c) in connection with each Offering Period that contains more than one Purchase Period, any applicable maximum aggregate number of Shares which may be purchased by any Eligible Employee during each Purchase Period (if applicable), subject to the limitations described in Section 5.5 below, which shall apply to all Section 423 Component Offering Periods and, in the absence of a contrary designation by the Administrator, shall be 20,000 Shares;

(d) any applicable maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period (if applicable), subject to the limitations described in Section 5.5 below, which shall apply to all Section 423 Component Offering Periods and, in the absence of a contrary designation by the Administrator, shall be 20,000 Shares; and

(e) such other provisions as the Administrator determines are appropriate, subject to the Plan.

## ARTICLE V.
## ELIGIBILITY AND PARTICIPATION

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article V and, for the Section 423 Component, the limitations imposed by Section 423(b) of the Code.

5.2 Enrollment in Plan.

(a) Except as otherwise set forth herein or in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Company provides.

(b) Each subscription agreement shall designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each Payday occurring at least five business days prior to the end of the Offering Period as payroll deductions under the Plan. The percentage of Compensation designated by an Eligible Employee may not be less than 1% and may not be more than the maximum percentage specified by the Administrator in the applicable Offering Document (which maximum percentage shall be 15% in the absence of any such designation) as payroll deductions, *provided* that, in no event shall the actual amount withheld on any Payday hereunder exceed the net amount payable to the Eligible Employee on such Payday after taxes and any other applicable deductions therefrom (and if amounts to be withheld hereunder would otherwise result in a negative payment to the Eligible Employee on such Payday, the amount to be withheld hereunder shall instead be reduced by the least amount necessary to avoid a negative payment amount for the Eligible Employee on such Payday, as determined by the Administrator). The payroll deductions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) Unless otherwise provided in the terms of an Offering Document, a Participant may increase or decrease the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, in any case, at any time during an Offering Period; *provided, however*, that the Administrator may limit or eliminate the type or number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed to decrease (but not increase) or suspend his or her payroll deduction elections, in either case, once during each Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period starting at least ten business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). If a Participant suspends his or her payroll deductions during an Offering Period such Participant's cumulative unapplied payroll deductions prior to the suspension (if any) shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article VII.

(d) Except as otherwise set forth in herein or in an Offering Document or as otherwise determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided herein or in the applicable Offering Document, payroll deductions for a Participant shall commence on the first Payday following the Enrollment Date and shall end on the last Payday occurring at least five business days prior to the end of the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article VII or suspended by the Participant or the Administrator as provided in

Section 5.2 and Section 5.6, respectively. Notwithstanding any other provisions of the Plan to the contrary, in any non-U.S. jurisdiction where participation in the Plan through payroll deductions is prohibited, the Administrator may provide that an Eligible Employee may elect to participate through contributions to the Participant's account under the Plan in a form acceptable to the Administrator in lieu of or in addition to payroll deductions; *provided, however*, that, for any Offering under the Section 423 Component, the Administrator shall take into consideration any limitations under Section 423 of the Code when applying an alternative method of contribution.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement or other enrollment in the Initial Offering Period will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article VII or otherwise becomes ineligible to participate in the Plan.

5.5 Limitation on Purchase of Shares. An Eligible Employee may be granted rights under the Section 423 Component only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds $25,000 of the fair market value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Suspension of Payroll Deductions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 (with respect to the Section 423 Component) or the other limitations set forth in this Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms, rules and procedures applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Except as permitted by Section 423 of the Code, with respect to the Section 423 Component, such special terms may not be more favorable than the terms of rights granted under the Section 423 Component to Eligible Employees who are residents of the United States. Such special terms may be set forth in an addendum to the Plan in the form of an appendix or sub-plan (which appendix or sub-plan may be designed to govern Offerings under the Section 423 Component or the Non-Section 423 Component, as determined by the Administrator). To the extent that the terms and conditions set forth in an appendix or sub-plan conflict with any provisions of the Plan, the provisions of the appendix or sub-plan shall govern except as otherwise set forth therein. The adoption of any such appendix or sub-plan shall be pursuant to Section 11.2(f) and any other applicable provision herein. Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures, with respect to Participants who are foreign nationals or employed in non-U.S. jurisdictions, regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, unless otherwise set forth in the terms of an Offering Document, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal Payday equal to the Participant's authorized payroll deduction.

## ARTICLE VI.
## GRANT AND EXERCISE OF RIGHTS

6.1 Grant of Rights. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of Shares as is determined by dividing (a) such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the last day of the Offering Period, or if earlier, the date on which the Participant withdraws in accordance with Section 7.1 or Section 7.3.

6.2 Exercise of Rights. On each Purchase Date, each Participant's accumulated payroll deductions and any other additional payments specifically provided for herein or in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional Shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be refunded as soon as reasonably practicable after the purchase date. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Shares are to be exercised pursuant to this Article VI on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article IX. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant without interest in one lump sum in cash as soon as reasonably practicable after the Purchase Date, or such earlier date as determined by the Administrator.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in part, or at the time some or all of the Shares issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Shares. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation or Shares received pursuant to the Plan the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Shares by the Participant.

6.5 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges, if any, on which the Shares are then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable; (d) the payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and (e) the lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

## ARTICLE VII.
## WITHDRAWAL; CESSATION OF ELIGIBILITY

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than two weeks prior to the end of the then-applicable Purchase Period (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). All of the Participant's payroll deductions credited to his or her account during such Purchase Period and not yet used to exercise rights under the Plan shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal, such Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period (including by virtue of a suspension as described in Section 5.2(c) above), payroll deductions shall not resume at the beginning of any subsequent Offering Period unless the Participant is an Eligible Employee and timely delivers to the Company a new subscription agreement by the applicable enrollment deadline for any such subsequent Offering Period, as determined by the Administrator.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in any subsequent Offering Period that commences on or after the Participant's withdrawal from any Offering Period.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article VII and the payroll deductions credited to such Participant's account during the then-current Purchase Period shall be paid to such Participant or, in the case of his or her death, to the Participant's Designated Beneficiary, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated. For clarity, if a Participant transfers employment from the Company or any Designated Subsidiary participating in either the Section 423 Component or Non-Section 423 Component to any Designated Subsidiary that is neither participating in the Section 423 Component nor the Non-Section 423 Component, then, in any case, such transfer shall be treated as a termination of employment under the Plan and the Participant shall be deemed to have withdrawn from the Plan pursuant to this Article VII and the payroll deductions credited to such Participant's account during the then-current Purchase Period shall be paid to such Participant or, in the case of his or her death, to the Participant's Designated Beneficiary, as soon as reasonably practicable, and such Participant's participation in the

Offering Period shall be automatically terminated. If a Participant transfers employment from the Company or any Designated Subsidiary participating in the Section 423 Component to any Designated Subsidiary participating in the Non-Section 423 Component, such transfer shall not be treated as a termination of employment under the Plan, but the Participant shall immediately cease to participate in the Section 423 Component; however, any contributions made for the then-current Purchase Period in which such transfer occurs shall be transferred to the Non-Section 423 Component, and such Participant shall immediately join the then-current Offering under the Non-Section 423 Component upon the same terms and conditions in effect for the Participant's participation in the Section 423 Component, except for such modifications otherwise applicable for Participants in such Offering. A Participant who transfers employment from any Designated Subsidiary participating in the Non-Section 423 Component to the Company or any Designated Subsidiary participating in the Section 423 Component shall not be treated as terminating the Participant's employment under the Plan and shall remain a Participant in the Non-Section 423 Component until the earlier of (i) the end of the current Offering Period under the Non-Section 423 Component or (ii) the Enrollment Date of the first Offering Period in which the Participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between entities participating in the Section 423 Component and the Non-Section 423 Component, consistent with the applicable requirements of Section 423 of the Code or other Applicable Law.

## ARTICLE VIII.
## ADJUSTMENTS UPON CHANGES IN SHARES

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), Change in Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, redemption, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Shares such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of Shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including, without limitation, any Change in Control), or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions may be used to purchase Shares prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

(e) To provide that all outstanding rights shall terminate without being exercised.

8.3 No Adjustment Under Certain Circumstances. No adjustment or action described in this Article VIII or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Section 423 Component of the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

## ARTICLE IX.
## AMENDMENT, MODIFICATION AND TERMINATION

9.1 Amendment, Modification and Termination. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; *provided, however*, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article VIII); or (b) change the Plan in any manner that would be considered the adoption of a new plan within the meaning of Treasury regulation Section 1.423-2(c)(4).

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, and, with respect to the Section 423 Component, to the extent permitted by Section 423 of the Code, the Administrator shall be entitled to change or terminate the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(b) shortening any Offering Period so that the Offering Period ends on a new or earlier Purchase Date, including an Offering Period underway at the time of the Administrator action;

(c) allocating Shares; and

(d) such other changes and modifications as the Administrator determines are necessary or appropriate.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon, or if the Administrator so determines, the Offering Period may be shortened so that the purchase of Shares occurs prior to the termination of the Plan.

## ARTICLE X.
## TERM OF PLAN

The Plan shall become effective on the Effective Date and shall continue until terminated by the Board in accordance with Section 9.1. No right may be granted under the Plan prior to the Effective Date. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

## ARTICLE XI.
## ADMINISTRATION

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the "***Committee***"). The Board may at any time vest in the Board any authority or duties for administration of the Plan. The Administrator may delegate administrative tasks under the Plan to the services of an Agent or Employees to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

11.2 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(a) To determine when and how rights to purchase Shares shall be granted and the provisions of each offering of such rights (which need not be identical).

(b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.

(c) To impose a mandatory holding period pursuant to which Participants may not dispose of or transfer Shares purchased under the Plan for a period of time determined by the Administrator in its discretion.

(d) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(e) To amend, suspend or terminate the Plan as provided in Article IX or otherwise.

(f) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code for the Section 423 Component.

(g) The Administrator may adopt annexes or sub-plans applicable to particular Designated Subsidiaries or locations, which annexes or sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such annexes or sub-plans may take precedence over other provisions of this Plan, with the exception of Section 3.1 hereof, but unless otherwise superseded by the terms of such annex or sub-plan, the provisions of this Plan shall govern the operation of such annex or sub-plan.

11.3 Decisions Binding. The Administrator's interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

## ARTICLE XII.
## MISCELLANEOUS

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the Applicable Laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant's interest in the Plan, the Participant's rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, no Participant or Designated Beneficiary shall be deemed to be a stockholder of the Company, and no Participant or Designated Beneficiary shall have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or the Designated Beneficiary following exercise of the Participant's rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to a Purchase Date on which the Participant's rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the Participant's rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant's spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees will have equal rights and privileges under the Section 423 Component so that the Section 423 Component of this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of the Section 423 Component that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code. Eligible Employees participating in the Non-Section 423 Component need not have the same rights and privileges as other Eligible Employees participating in the Non-Section 423 Component or as Eligible Employees participating in the Section 423 Component.

12.7 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

12.8 Reports. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to employment or service (or to remain in the employ or service) with the Company or any Parent or Subsidiary thereof or affect the right of the Company or any Parent or Subsidiary thereof to terminate the employment or service of any person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Section 423 Component of the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

12.11 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, Designated Beneficiary or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Offering Period, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

12.12 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to 180 days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

12.13 Data Privacy. As a condition for participation in the Plan, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and participation details, to implement, manage and administer the Plan and any Offering Period(s) (the "***Data***"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan and any Offering Period(s), and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By participating in any Offering Period under the Plan, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any

necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 12.13 in writing, without cost, by contacting the local human resources representative. If the Participant refuses or withdraws the consents in this Section 12.13, and the Company may cancel Participant's ability to participate in the Plan or any Offering Period(s). For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

12.14 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

12.15 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

12.16 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Offering Periods will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Offering Periods will be deemed amended as necessary to conform to Applicable Laws.

12.17 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

12.18 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced in accordance with the laws of the State of Delaware, disregarding any state's choice of law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

12.19 Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

* * * * *

**GRAIL, LLC**
**CASH-BASED INCENTIVE AWARD**

[DATE]
[NAME]

Dear [NAME],

Congratulations! GRAIL, LLC (the "***Company***") is pleased to award this Cash-Based Incentive Award (the "***Award***" and this agreement, this "***Agreement***") to you, effective as of [DATE] (the "***Grant Date***"), pursuant to which you will be eligible to earn a dollar-denominated incentive award, subject to vesting over approximately a [one (1)][1] [two (2)][2]-year period based on your continued service with the Company (or any successor thereto), or any of its subsidiaries or affiliates as an employee or consultant ("***Continued Service***").

We are excited to provide you with this valuable Award, and hope that it will help provide a meaningful incentive for you to continue to help grow the Company with us. The Award is subject in its entirety to the terms and conditions set forth herein. Capitalized but undefined terms have the meanings set forth on Exhibit A hereto.

**1. General Terms**.

(a) Award Value. The value of your Award shall be $[____] ( the "***Aggregate Award Value***").

(b) Vesting; Forfeiture.

(i) *General.* The Award shall vest [in full on March 14, 2025][3] [over two (2 years as to one-half (1/2) of the Award on each of [____], 2025 and [_____], 2026 in each case][4], subject to your Continued Service through the [applicable][5] Vesting Date.

(ii) *Termination of Service*. Except as expressly provided in this Agreement, and notwithstanding anything to the contrary in any employment agreement or offer letter you are a party to, if you terminate Continued Service for any reason, any portion of the Award that remains unvested as of such termination shall be cancelled and forfeited as of the date of such termination, and you shall have no further rights or interest therein. In addition, if the Company terminates your Continued Service for Cause, then any portion of the Award that remains unpaid as of such termination (including any then-unvested portion of the Award) shall be cancelled and forfeited as of the date of such termination, and you shall have no further rights or interest therein.

(c) Accelerated Vesting. Notwithstanding anything set forth in this Agreement or in any employment agreement or offer letter to the contrary:

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1 For refresh grants.
2 Two-year vesting period for new hires.
3 For refresh grants.
4 Vesting dates to be set at first and second anniversaries of grant date for new hires.
5 For new hires.

(i) *Death and Disability.* If your Continued Service terminates due to death or Disability, the Award shall become fully vested (to the extent then unvested) as of the date of such termination.

(ii) *Change in Control*. In connection with a Change in Control any then-unvested portion of the Award shall continue to vest following such Change in Control in accordance with the terms and conditions set forth herein (including your continued employment through the vesting date). If, following such Change in Control, your Continued Service is terminated by the Company and its affiliates without Cause or by you for Good Reason, the Award shall become fully vested (to the extent then unvested) as of the date of such termination. For the avoidance of doubt, (x) the mergers consummated on August 18, 2021 pursuant to that certain Agreement and Plan of Merger dated as of September 20, 2020, as amended, with Parent, SDG Ops, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Parent, and SDG Ops, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Parent (the "***Prior Merger***") shall not constitute a Change in Control for purposes of this Agreement and (y) the Award shall not be subject to any acceleration terms, including a change of control as that term may or may not be defined, contained in any offer letter or employment agreement to which you are a party.

(d) Payment. Subject to Sections 2(a), 3(b) and 3(h)(ii) below, upon or within thirty (30) days following an applicable Vesting Date, the Company shall settle the Award in cash (by check or wire transfer), as determined by the Company in its sole discretion, equal to [the product of (i) the portion of the Award vesting on such Vesting Date (i.e., 50% or, if accelerated vesting occurs before the first Vesting Date, 100%), *multiplied by* (ii)][6] the Aggregate Award Value.

**2. RSU Conversion**.

(a) RSU Conversion Right. Notwithstanding anything set forth in this Agreement to the contrary, effective as of the consummation of a Capital Markets Transaction, any then unvested portion of the Award shall be converted into a number of restricted stock units with respect to the Company's (or its successor or parent company's) common stock ("***Shares***") determined by dividing the Aggregate Award Value of such unvested portion of the Award as of the date of such conversion attributable to such Award by the Company Conversion Price, rounded to the nearest whole Share (each, a "***Company RSU***" and such conversion, a "***Company RSU Conversion***"). In the event of a Company RSU Conversion, (i) any resulting Company RSUs shall be subject to the same vesting (including acceleration, if any), forfeiture and payment/settlement timing provisions as applied to the underlying portion of the Award immediately prior to the Company RSU Conversion, (ii) all Company RSUs shall be subject to the terms and conditions of any applicable Company incentive equity plan and Company RSU award agreement (your execution of which shall be a condition to your receipt of the Company RSUs, and your failure to execute such an agreement shall result in your forfeiture of the Award), which shall not be inconsistent with the requirements of the preceding clause (i), (iii) other than as provided in the succeeding clause (iv), following a Company RSU Conversion, the Award shall be paid/settled in the form of Shares and (iv) any portion of the Award that was vested but unpaid as of the date of a Company RSU Conversion (if any) shall be, at the Company's election, paid in cash as provided in Section 1 above or included as part of the Aggregate Award Value for purposes of the Company RSU Conversion (with such portion representing vested Company RSUs).

6 For new hires.

(b) Further Assurances. Without limiting the generality of the foregoing, you agree to take any and all actions, including without limitation executing and delivering any and all documents that may be reasonably requested by the Company in furtherance of a Company RSU Conversion or as otherwise necessary or desirable to effectuate the foregoing.

**3. Prior Company Awards**. As a condition to receiving the Award, to the extent you were granted cash-based equity appreciation awards by the Company or any of its subsidiaries on or prior to the date hereof (the "***Prior Company Awards***"), you hereby (i) acknowledge that you read and understand the description of the treatment of your Prior Company Awards in connection with the contemplated Spin-Off set forth in the Preliminary Information Statement that is an exhibit to the Registration Statement on Form 10 filed by the Company with the Securities and Exchange Commission on May 6, 2024, which summarizes the treatment provided for in that certain Employee Matters Agreement expected to be entered into between the Company and Parent in connection with such Spin-Off (the "***EMA***"), and (ii) acknowledge and agree that your outstanding Prior Company Awards will be treated as provided for in the EMA in connection with such Spin-Off.

**4. Miscellaneous**.

(a) Administration. The Compensation Committee governs the terms and conditions of this Award and this Agreement. On or prior to a Change in Control or Capital Markets Transaction, the Compensation Committee shall, in its sole discretion, (i) make all determinations and interpretations under this Agreement, including without limitation, relating to the Converted Award, accelerate all or any portion of the vesting and/or payment of the Award, the nature of any termination of Continued Service, the impact of any leave of absence on vesting, and otherwise with respect to the Award, and (ii) have the authority to correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the Award in the manner and to the extent it shall deem necessary or appropriate to carry out the intended treatment of the Award. Following a Change in Control or Capital Markets Transaction, the Company, Purchaser or their respective boards or committees thereof shall have the sole authority described in the foregoing sentence. All such determinations shall be final and binding on you and on all other persons having or claiming any interest in the potential payments specified herein.

(b) Withholding. All payments hereunder will be subject to any required tax withholding pursuant to any applicable law or regulation, and the Company and its subsidiaries and affiliates shall be entitled to withhold any and all such taxes and other authorized deductions from amounts payable hereunder, in such form of consideration as the Company may deem acceptable, or to require you to remit to the Company or any of its subsidiaries or affiliates (as applicable), an amount sufficient to satisfy any such taxes and other deductions.

(c) No Right to Continued Service. Nothing in this Agreement shall confer upon you any right to continue as an employee or any other service provider of the Company or any of its subsidiaries or affiliates, nor interfere with or restrict in any way the rights of the Company, which rights are hereby expressly reserved, to discharge you at any time for any reason whatsoever, with or without Cause.

(d) Clawback. The Award (and any amounts payable or issuable hereunder, as applicable) shall be subject to any applicable clawback, recoupment or similar policy in effect on the date hereof or as may be adopted or maintained by the Company or any of its subsidiaries or affiliates following the date hereof, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

(e) Unsecured Obligation; Not an Equity Interest. The Award will at all times prior to settlement or payment represent an unsecured Company obligation payable only from the Company's general assets. This Agreement confers no rights or interests other than as herein provided, including for clarity any rights or interests to any securities or assets of the Company or any of its subsidiaries or affiliates. Neither you nor any person claiming under or through you shall have any of the rights or privileges of a stockholder of the Company hereunder.

(f) Successors and Assigns. This Agreement is personal to you and, without the prior written consent of the Company, shall not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors and assigns of the parties hereto, including, without limitation, any business entity that succeeds to the business of the Company.

(g) Notices. Any notice, demand or request required or permitted to be given hereunder by the parties hereto shall be in writing and shall be deemed given and received: (i) upon delivery, if delivered in person or by e-mail, (ii) one business day after having been deposited for overnight delivery with Federal Express or another comparable overnight courier service, or (iii) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, addressed to (A) if to the Company, the Company's General Counsel at the Company's principal office, (B) if to you, at your last known address in the Company's personnel files, or (C) such other address as either party may request by notifying the other in writing in accordance herewith.

(h) Section 409A.

(i) The Company intends that the Award be structured in compliance with, or to satisfy an exemption from, Section 409A of the Internal Revenue Code of 1986 (the "***Code***") and the Treasury Regulations and other interpretive guidance promulgated thereunder (collectively, "***Section 409A***"), such that no adverse tax consequences, interest, or penalties under Section 409A apply in connection with the Award. Nevertheless, to the extent that the Company determines that the Award (or any portion thereof) may not be exempt from or compliant with Section 409A, the Company may amend this Agreement in a manner intended to comply with the requirements of Section 409A or an exemption therefrom (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to preserve the intended tax treatment of the benefits provided with respect to the Award (or such portion thereof), *provided*, that this Section 3(h) does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments or to take any other such actions or create any liability on the part of the Company or any of its subsidiaries and affiliates or any other person for any failure to do so. To the extent applicable, this Agreement shall be interpreted in accordance with the provisions of Section 409A.

(ii) For purposes of Section 409A, your right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. Notwithstanding the foregoing, in no event will the Award (or any portion thereof), to the extent earned, be settled or paid to you during the six (6)-month period following your "separation from service" within the meaning of Section 409A if the Company determines that paying such amounts at the time or times indicated in this Agreement would, in any case, be a prohibited distribution under Section 409A(a)(2)(B)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh ($7^{th}$) month

following the date of your "separation from service" (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of your death), the Award (or such portion thereof), to the extent earned, will be settled or paid in the amount and form that would have otherwise been payable to you during such period.

(i) Parachute Payment Limitations. Notwithstanding anything set forth in this Agreement to the contrary (or any other agreement entered into by and between you and the Company or any incentive arrangement or plan offered by the Company), in the event that any amount or benefit paid or distributed to you pursuant to this Agreement, taken together with any other amounts or benefits paid to you by the Company or any of its subsidiaries and affiliates (collectively, the "***Covered Payments***"), would constitute an "excess parachute payment" as defined in Section 280G of the Code, and would thereby subject you to an excise tax under Section 4999 of the Code (an "***Excise Tax***"), the provisions of this Section 4(i) shall apply. If the aggregate present value (as determined for purposes of Section 280G of the Code) of the Covered Payments exceeds the amount which can be paid to you without you incurring an Excise Tax, then, solely to the extent that you would be better off on an after-tax basis by receiving the maximum amount which may be paid hereunder without you becoming subject to the Excise Tax, the amounts payable to you under this Agreement or otherwise shall be reduced (but not below zero) to the maximum amount which may be paid hereunder without you becoming subject to the Excise Tax (such reduced payments to be referred to as the "***Payment Cap***"). In the event you receive reduced payments and benefits as a result of application of this Section 3(i), you shall have the right to designate which of the payments and benefits otherwise set forth herein shall be received in connection with the application of the Payment Cap, subject to the following sentence. Reduction shall first be made from payments and benefits which are determined not to be "nonqualified deferred compensation" for purposes of Section 409A, and then shall be made (to the extent necessary) out of payments and benefits that are subject to Section 409A and that are due at the latest future date.

(j) No Tax Advice. None of the Company or any of its subsidiaries and affiliates has made any warranties or representations to you with respect to the tax consequences associated with this Agreement or the Award conferred hereby, the potential payments specified herein or otherwise with respect to the transactions contemplated hereby, and you are in no manner relying on the Company or any of its subsidiaries, affiliates or representatives for tax advice. You are advised to consult with your own tax advisor with respect to such tax consequences.

(k) Entire Agreement. This Agreement constitutes the final and entire agreement between you and the Company concerning the subject matter hereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by the Company and you, or any representative of the Company or you, with respect to the subject matter hereof.

(l) Amendment; Waivers. This Agreement and the Award granted hereby may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by (i) the Company as delegated by the Compensation Committee if such amendment, modification, suspension or termination occurs on or prior to a Change in Control or Capital Markets Transaction or (ii) the Company if such amendment, modification, suspension or termination occurs after a Change in Control or Capital Markets Transaction, in each case, *provided,* that except as may otherwise be expressly provided herein, no amendment, modification, suspension or termination of this Agreement shall materially and adversely affect the Award (or any portion thereof) unless agreed to in writing and signed by you and by a duly authorized officer of the Company. No waiver by the Company of a breach of any provision of this Agreement by you, or of your obligation to comply with any condition or provision of this Agreement, will operate or be construed as a waiver by the Company of any subsequent breach of, or obligation to comply with, any similar or dissimilar provision or condition at the same or any subsequent time. The failure of the Company to take any action by reason of any such breach will not deprive the Company of the right to take action at any time.

(m) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to such state's conflict of laws rules.

(n) Severability. If, for any reason, one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the provision will be severable from, and the invalidity, illegality and/or unenforceability of the provision will not be construed to have any effect on, the remaining provisions of this Agreement, which will remain in full force and effect.

(o) Section Headings. The section headings in this Agreement are for convenience of reference only, and they form no part of this Agreement and will not affect its interpretation.

(p) Counterparts. This Agreement may be executed manually or electronically in any number of counterparts, any of which may be executed and transmitted by facsimile or email (including portable document format (.PDF) and any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g. www.docusign.com), and each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument.

[*signature page follows*]

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Agreement as of the date first written above.

**THE "COMPANY"**
GRAIL, LLC
a Delaware limited liability company

By: _____
Name: Robert P Ragusa
Title: Chief Executive Officer,
GRAIL, LLC

You hereby accept and agree to be bound by all of the terms and conditions of this Agreement.

_____
Name:
Date:

**Certain Definitions**

(a) "***Capital Markets Transaction***" means a Spin-Off or Split-Off and approved of such by the Compensation Committee.

(b) "***Cause***" shall include, but not be limited to: (i) your unauthorized use or disclosure of confidential information or trade secrets of the Company or Parent or any of its subsidiaries or affiliates or any material breach of a written agreement between you and the Company or any of its subsidiaries or affiliates or applicable Company or affiliate policy, including, without limitation, a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) your commission of, indictment for or the entry of your plea of guilty or *nolo contendere* to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) your failure to substantially perform your duties for Company; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by you against the Company or any of its subsidiaries or affiliates; or (v) any acts, omissions or statements by you which the Company determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company or any of its subsidiaries or affiliates.

(c) "***Change in Control***" means (i) a merger or consolidation of the Company with or into any other corporation or other entity or person, (ii) a sale, lease, exchange or other transfer in one transaction or a series of related transactions of all or substantially all of the Company's assets, or (iii) any other transaction, including the sale by the Company of new shares of its capital stock or a transfer of existing shares of capital stock of the Company, the result of which is that a third party that is not an affiliate of the Company or Parent (or a group of third parties not affiliated with the Company or Parent) immediately prior to such transaction acquires or holds capital stock of the Company representing a majority of the Company's outstanding voting power immediately following such transaction, in each case, and which is approved by the Commission; *provided that* the following events shall not constitute a "Change in Control": (A) a transaction (other than a sale of all or substantially all of the Company's assets) in which Parent or its affiliate continues to hold, directly or indirectly, at least a majority of the voting securities in the successor corporation or its parent immediately after the merger or consolidation; (B) a sale, lease, exchange or other transaction in one transaction or a series of related transactions of all or substantially all of the Company's assets to an affiliate of Parent or the Company; (C) an initial public offering of any of the Company's securities or a de-SPAC or similar go-public transaction involving the Company; (D) a reincorporation of the Company solely to change its jurisdiction; (E) a transaction undertaken for the primary purpose of creating a holding company that will be owned in substantially the same proportion by the persons who held the Company's securities immediately before such transaction or (F) a Capital Markets Transaction. Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any Award that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such Award, to the extent required by Section 409A.

(d) ***"Commission"*** means the European Commission.

(e) ***"Company Conversion Price"*** means the average of the volume weighted average per share price of the Company Stock on the first four trading days immediately following the consummation of a Capital Markets Transaction.

(f) ***"Company RSU"*** means a restricted stock unit covering one share of the Company's common stock.

(g) ***"Compensation Committee"*** means a committee of Directors appointed by the Board of the Parent.

(h) ***"Disability"*** means you would qualify to receive benefit payments under the long-term disability policy, as it may be amended from time to time, of the Company or Parent or any of its subsidiaries or affiliates to which you provide services regardless of whether you are covered by such policy. If the Company or Parent or any of its subsidiaries or affiliates does not have a long-term disability policy in place, "*Disability*" means that you are unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determined physical or mental impairment for a period of not less than ninety (90) consecutive days. You shall not be considered to have incurred a Disability unless you furnish proof of such impairment sufficient to satisfy the Company in its discretion.

(i) "***Good Reason***" means (i) a material diminution in your base salary, unless such a salary reduction is imposed across-the-board to senior management of the Company or (ii) a material change in the geographic location at which you must regularly perform your duties, except for reasonably required travel on the Company's or any of its successor's or affiliate's business; provided that any relocation back to the Company office from remote work will not be considered a relocation of your principal place of employment with the Company for purposes of this definition. Notwithstanding the foregoing, no Good Reason will have occurred unless and until: (A) you have provided the Company, within sixty (60) days of the initial occurrence of the Good Reason event, written-notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (B) the Company or the successor company fails to cure such condition within thirty (30) days after receiving such written notice (the "***Cure Period***"), and (C) your resignation based on such Good Reason is effective within thirty (30) days after the expiration of the Cure Period.

(j) "***Parent***" means Illumina, Inc., a Delaware corporation.

(k) "***Parent Board***" means Parent's Board of Directors and any duly appointed committee thereof.

(l) ***"Spin-Off"*** means a pro rata dividend of Shares to Parent's shareholders.

(m) ***"Split-Off"*** means an offer to Parent's shareholders to exchange Parent shares held by such shareholders for Shares.

(n) "***Vesting Date***" means any date on which any portion of the Award becomes vested in accordance with Section 1 above.

GRAIL

Detect cancer early, when it can be cured.

October 14, 2021

Robert Ragusa
*DELIVERED VIA DOCUSIGN*

Dear Bob:

I am excited to offer you the opportunity to join GRAIL!

GRAIL's mission is to save lives by detecting cancer early, when it can be cured. We have the opportunity to change the understanding of biology, rewrite the practice of healthcare and, most importantly, to save millions of lives.

We are currently building the best Team in the world because we are working on this most important and exciting challenge. On behalf of the Team, I am thrilled to have you join to innovate, collaborate, and enable us to deliver on our promise.

We are pleased to extend to you (the Employee) this offer of employment with GRAIL, LLC (the Company) based on the terms and conditions set forth below.

This offer is for the position of Chief Executive Officer based in Menlo Park, CA. You will be responsible for such duties and responsibilities customary to this position. You shall act independently and in the best interest of GRAIL's business with a view to ensuring its continued economic viability, marketability and competitiveness. Your employment will commence on October 14, 2021.

As a condition of employment, you will need to be fully vaccinated against the COVID-19 virus, including getting any other booster vaccine recommended by the U.S. Center and Disease Control. To the extent you are not currently vaccinated, we allow 40 days from the time this offer letter is signed for you to get both doses of vaccinations. You will be required to provide evidence of vaccination status.

For full-time regular employment, your annual base salary will be $725,000USD, less applicable withholdings.

Your salary will be payable every other week, one week in arrears and subject to standard payroll deductions and withholdings. Your first paycheck will be prorated based on your employment start date.

You will be entitled to receive the Company's standard benefits, in accordance with GRAIL's policies and subject to the terms and conditions of the governing plan documents. Please note that the Company may modify your title, job duties, compensation and benefits from time to time as it deems necessary.

You will be eligible to participate in GRAIL's Variable Compensation Plan ("VCP"). If your hire date is on or before September 30, you will be eligible to participate in the current year VCP on a prorated basis. If your hire date is on or after October 1, you will not be eligible to participate in the current year's VCP, but will be eligible to fully participate in the following year's VCP. Your VCP target is 100% of your base salary. You must continue to be employed by GRAIL on the date of payment in order to earn a VCP payment. Details of the plan will be provided to you in the near future.

Subject to approval by an award administrator, the Company will grant you a cash-based equity appreciation award with an initial fair market value of $15,800,000 USD. Subject to your continuing service with the Company, your award will generally vest over an approximately four (4) year period, with 25% vesting shortly after each one year anniversary of the grant date. The fluctuation in value of your award will be tied to any changes in GRAIL's valuation, measured quarterly and adjusted proportionately. As a result, the value of your award may fluctuate over time depending on GRAIL's performance, and will increase or decrease in value if GRAIL's value increases or decreases. Upon vesting, your award will generally be settled in cash.

As an added incentive, you will be eligible for a signing bonus in the total amount of $4,000,000. The Company will pay $3,000,000 of such amount to you within 30-45 days of your employment and the remaining $1,000,000 within 30-45 days after your one year anniversary. The payment will be processed through our payroll department, with all appropriate taxes withheld. If you voluntarily terminate your employment or are terminated for Cause (as defined below) prior to the date which marks your first twelve (12) months of employment, you owe to Company and agree to repay to Company 50% of the net amount on your last day of employment.

If, at any time, the Company or any of its affiliates terminates your employment with the Company or its affiliates, respectively, without Cause (excluding as a result of death or disability) or you resign your employment for Good Reason (as defined below), then you will be eligible to receive the following severance benefits from the Company contingent upon you providing the Company with a fully executed and irrevocable Separation and Release Agreement, in a form to be provided by Company to you upon your termination):

1) a lump-sum severance payment equal to twelve (12) months of base salary plus twelve (12) months of your target bonus under the VCP; and

2) reimbursement for up to twelve (12) months (the "Covered Period") of the cost of your health benefits (provided that you elect continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), within the time period prescribed pursuant to COBRA for you and your eligible dependents) until the earliest of (A) the last day of the Covered Period, (B) the date upon which you and/or your eligible dependents becomes covered under similar plans or (C) the date upon which you cease to be eligible for coverage under COBRA (such reimbursements, the "COBRA Premiums"). However, if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would be required to pay to continue your group health coverage in effect on the date of your termination of employment (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made regardless of whether you elect COBRA continuation coverage and will commence on the month following your termination of employment and will end on the earlier of (x) the date upon which you obtain other employment, (y) the date the Company has paid an amount equal to the payments for the entire Covered Period, or (z) March 15th of the calendar year following your termination. For the avoidance of doubt, the taxable payments in lieu of COBRA Premiums may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings. This entire subparagraph 2 is referred to as the "COBRA Benefit Arrangement").

3) an additional twelve (12) months of time vesting service for all of your outstanding Company or any of its affiliates equity appreciation and/or equity awards, including awards that would otherwise vest only upon satisfaction of performance criteria with vesting of any performance-based awards as if all applicable performance criteria were achieved at target levels.

If, within twenty-four months after or within three months before the closing of a Change of Control (as defined below), the Company or its successor terminates your employment with the Company without Cause (excluding death or disability) or you resign from such employment for Good Reason (a "Qualifying Termination"), then you will instead of the severance benefits set out directly above, receive the following severance benefits from the Company contingent upon you providing the Company with a fully executed and irrevocable Separation and Release Agreement (as referred to above):

1) a lump-sum severance payment equal to twenty-four (24) months of base salary;

2) a lump sum payment equal to 200% of your target bonus (assuming achievement of corporate and individual performance factors at 100%) for the then-current fiscal year;

3) the COBRA Benefit Arrangement with a Covered Period of up to twenty-four (24) months; and

4) accelerated vesting as to one hundred percent (100%) of the then-unvested portion of all of your outstanding Company or any of its affiliates equity appreciation awards and/or equity awards, including awards that would otherwise vest only upon satisfaction of performance criteria with vesting of any performance-based awards as if all applicable performance criteria were achieved at target levels.

Notwithstanding anything to the contrary in the equity appreciation award and/or equity award agreements, if unvested Company equity appreciation award and/or equity awards are not assumed by an acquirer or the successor entity in a Change in Control or other merger, consolidation or similar transaction involving the Company, your unvested Company equity appreciation award and/or equity awards shall accelerate in full as of immediately prior to the closing of such transaction.

For purposes of this agreement, "Good Reason" means your resignation within thirty (30) days following the end of the Cure Period (as defined below), based on one or more of the following events taking place without your consent: (i) a diminution by the Company in your base salary and target bonus by more than 10%; (ii) a material reduction of your authority, duties, or responsibilities (including reporting responsibilities) relative to your authority, duties, or responsibilities in effect immediately prior to such reduction; (iii) the relocation of your principal work location to a facility or a location more than thirty-five (35) miles from your prior work location; (iv) the Company's material breach of this agreement or any other employment or compensation-related agreement with you; or (v) the Company's failure to obtain the assumption of this Agreement by any acquiror or successor entity following a Change of Control. In order for an event to qualify as Good Reason, you must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for Good Reason within sixty (60) days of the initial existence of the grounds for Good Reason and a reasonable cure period of thirty (30) days following the date of written notice (the "Cure Period"), and such grounds must not have been cured during such time.

For purpose of this Agreement, "Cause" means: (i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of your employment with the Company; (ii) the willful and continued failure to substantially perform your material lawful duties for the Company (other than as a result of incapacity due to physical or mental illness or disability); or

(iii) intentional material breach of any of the Company's material policies, this Agreement or any agreements you enter with the Company that causes harm to the Company or (iv) your commission of any tortious act, unlawful act or malfeasance that is demonstrably and materially injurious to the Company, monetarily or otherwise; provided that, in the case of clauses (ii) and (iii) above, you receive a written notice from the Company which describes the basis for the Company's belief that you have engaged in conduct constituting Cause with thirty (30) days to take corrective action.

For purpose of this agreement, "Change of Control" means: (i) a merger or consolidation of the Company with or into any other corporation or other entity or person, (ii) a sale, lease, exchange or other transfer in one transaction or a series of related transactions of all or substantially all of the Company's assets, or (iii) any other transaction, including the sale by the Company of new shares of its capital stock or a transfer of existing shares of capital stock of the Company, the result of which is that a third party that is not an affiliate of the Company or Parent (or a group of third parties not affiliated with the Company or Parent) immediately prior to such transaction acquires or holds capital stock of the Company representing a majority of the Company's outstanding voting power immediately following such transaction; provided that the following events shall not constitute a "Change in Control": (A) a transaction (other than a sale of all or substantially all of the Company's assets) in which Parent or its affiliate continues to hold, directly or indirectly, at least a majority of the voting securities in the successor corporation or its parent immediately after the merger or consolidation; (B) a sale, lease, exchange or other transaction in one transaction or a series of related transactions of all or substantially all of the Company's assets to an affiliate of Parent or the Company; (C) an initial public offering of any of the Company's securities or a de-SPAC or similar go-public transaction involving the Company; (D) a reincorporation of the Company solely to change its jurisdiction; or (E) a transaction undertaken for the primary purpose of creating a holding company that will be owned in substantially the same proportion by the persons who held the Company's securities immediately before such transaction. Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any Award that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such Award, to the extent required by Section 409A.

To the extent (i) any payments to which you become entitled under this agreement, or any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) you are deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments will not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your separation from service and (ii) the date of your death following such separation from service; provided, however, that such deferral will be effected only to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax

for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph will be paid to you or your beneficiary in one lump sum (without interest). To the extent that any provision of this agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this agreement (or referenced in this agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A. No severance or separation payments payable to you until you have a "separation from service" within the meaning of Section 409A.

In the event that the severance and other benefits provided for in this agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then your severance and other benefits under this agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following manner: first a pro-rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code, with equity all being reduced in reverse order of vesting and equity not subject to treatment under Treasury regulation 1.280G-Q & A 24(c) being reduced before equity that is so subject. Unless the Company and you otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this paragraph, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Accountants shall deliver to the Company and you sufficient documentation for you to rely on it for the purpose of filing your tax returns. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph.

Your employment is and continues to be at-will, which means it may be terminated at any time by you or the Company with or without notice or cause. By accepting this amended and restated offer of employment you agree that your employment is terminable at-will. Any prior representations to the contrary are hereby superseded by this offer. This at-will employment relationship cannot be changed except by written agreement signed by the sole member of the Company or an officer of the Company authorized by the sole member of the Company. Please also note the terms of your employment including reporting relationships may change based on business needs.

As a Company employee you will be expected to abide by all Company policies and procedures and sign and comply with the Company's standard form of Employee Invention Assignment and Confidentiality Agreement, which, among other things, prohibits unauthorized use or disclosure of the Company's proprietary information.

To ensure the timely and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this agreement, your employment, or the termination of your employment, including but not limited to statutory claims, will be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in San Francisco, California conducted by JAMS, Inc. or its successor ("JAMS") under JAMS' then applicable rules and procedures for employment disputes (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). By agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. You will have the right to be represented by legal counsel at any arbitration proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The Arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess

of the amount of court fees that would be required of you if the dispute were decided in a court of law. Nothing in this letter is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

As a Company employee you will be expected to abide by all Company policies and procedures and sign and comply with the Company's standard form of Employee Invention Assignment and Confidentiality Agreement, which, among other things, prohibits unauthorized use or disclosure of the Company's proprietary information. This employment offer is also contingent on all of the following: (1) providing identity and proof of your eligibility to work in the United States, (2) signing of the Employee Invention Assignment and Confidentiality Agreement, Arbitration Agreement, Acknowledgement of Ongoing Obligations and any other new hire paperwork on or before your first day of employment, (3) satisfactory results of a background check(s) which the Company may initiate at a later date(s), pursuant to a form of notice and consent that you agree to complete and sign, and (4) prior to or on your first day, provide vaccination status and upload evidence of vaccination status as applicable. The terms of this agreement cannot be changed (except for those changes expressly reserved to the Company's discretion in this letter) without a written modification signed by you and a duly authorized officer of the Company. The terms herein supersede any other agreements or promises made to you by anyone, whether oral or written, and they are governed by the laws of the state of California without regard to conflicts of laws principles.

If the foregoing accurately reflects our agreement, please so indicate no later than three (3) business days from receipt of this offer letter.

Sincerely,

GRAIL, LLC

/s/ Marissa Song
By: Marissa Song
Title: General Counsel

Accepted:

| /s/ Robert Ragusa | October 15, 2021 |
| --- | --- |
| Robert Ragusa | Date |

GRAIL

Detect cancer early, when it can be cured.

July 5, 2018

Aaron Freidin
*via DocuSign*

Dear Aaron,

If, at any time, the Company or any of its affiliates terminates your employment with the Company or its affiliates, respectively, without Cause (excluding as a result of death or disability) or you resign your employment for Good Reason, then you will be eligible to receive the following severance benefits from the Company contingent upon you providing the Company with a fully executed and irrevocable Separation and Release Agreement (as defined below):

1) a lump-sum severance payment equal to nine (9) months of base salary paid on the 61st day following your termination; and

2) reimbursement for nine (9) months (the "Covered Period") of the cost of your health benefits (provided that you elect continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), within the time period prescribed pursuant to COBRA for you and your eligible dependents) until the earliest of (A) the last day of the Covered Period, (B) the date upon which you and/or your eligible dependents becomes covered under similar plans or (C) the date upon which you cease to be eligible for coverage under COBRA (such reimbursements, the "COBRA Premiums"). However, if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would be required to pay to continue your group health coverage in effect on the date of your termination of employment (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made

regardless of whether you elect COBRA continuation coverage and will commence on the month following your termination of employment and will end on the earlier of (x) the date upon which you obtain other employment, (y) the date the Company has paid an amount equal to the payments for the entire Covered Period, or (z) March 15th of the calendar year following your termination. For the avoidance of doubt, the taxable payments in lieu of COBRA Premiums may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings. Your "Separation and Release Agreement" will be in a form provided by the Company and must be executed and become irrevocable within 60 days of your termination. This entire subparagraph 2 is referred to as the "COBRA Benefit Arrangement").This entire subparagraph 2 is referred to as the "COBRA Benefit Arrangement").

Your "Separation and Release Agreement" will be in a form provided by the Company and must be executed and become irrevocable within 60 days of your termination.

If, within twelve months after or within three months before the closing of a Change of Control (as defined below), the Company or its successor terminates your employment with the Company without Cause (excluding death or disability) or you resign from such employment for Good Reason (a "Qualifying Termination"), then you will instead of the severance benefits set out directly above, receive the following severance benefits from the Company contingent upon you providing the Company with a fully executed and irrevocable Separation and Release Agreement (as referred to above):

1) a lump-sum severance payment equal to twelve (12) months of base salary paid on the 61st day following your termination;

2) a lump sum payment equal to 100% of your Target Bonus (based on assuming target achievement level) for the then-current fiscal year; paid on the 61st day following your termination;

3) the COBRA Benefit Arrangement with a Covered Period of twelve (12) months; and

4) accelerated vesting as to one hundred percent (100%) of the then-unvested portion of all of your outstanding Company equity awards, including awards that would otherwise vest only upon satisfaction of performance criteria with vesting of any performance-based awards as if all applicable performance criteria were achieved at target levels.

For the avoidance of doubt, if a Qualifying Termination occurs prior to a Change of Control, then any unvested portion of your outstanding equity awards will remain outstanding for up to three months so that any additional benefits that may be due can be provided if a Change of Control occurs within three months following the Qualifying Termination under this paragraph. However, in no event will your equity awards remain outstanding beyond the equity award's original expiration date or to the extent terminated under the Company's 2016 Equity Incentive Plan (the "Plan"). If no Change of Control occurs within three months of the Qualifying Termination, any unvested portion of your equity awards automatically will be forfeited permanently without having vested.

For purposes of this agreement, “Good Reason” means, your resignation within thirty (30) days following the end of the Cure Period (as defined below), based on one or more of the following events taking place without your consent: (i) a material diminution by the Company in your base salary; provided, however, that, a reduction of base salary that (combined with all prior reductions) totals twenty percent (20%) or less and also applies to substantially all other senior executives of the Company will not constitute “Good Reason;” (ii) a material reduction of your authority, duties, or responsibilities relative to your authority, duties, or responsibilities in effect immediately prior to such reduction, provided, however, that continued employment following a Change of Control with substantially the same responsibility with respect to the Company’s business and operations will not constitute “Good Reason” (for example, “Good Reason” does not exist if you are employed by the Company with substantially the same responsibilities with respect to the Company’s business that you had immediately prior to the Change of Control regardless of whether your title is revised to reflect your placement within the overall corporate hierarchy or whether you provide services to a subsidiary, affiliate, business unit or otherwise); (iii) the relocation of your principal work location to a facility or a location more than thirty-five (35) miles from your prior work location; or (iv) the Company’s material breach of its employment agreement with you. In order for an event to qualify as Good Reason, you must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within sixty (60) days of the initial existence of the grounds for “Good Reason” and a reasonable cure period of thirty (30) days following the date of written notice (the “Cure Period”), and such grounds must not have been cured during such time.

For purpose of this agreement, “Cause” means: (i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of your employment with Company; (ii) intentional damage to Company’s assets; (iii) intentional disclosure of Company’s confidential information contrary to Company policies; (iv) breach of your obligations under this agreement; (v) intentional engagement in any competitive activity which would constitute a breach of your duty of loyalty or of your obligations to Company; (vi) intentional breach of any of Company’s policies; (vii) the willful and continued failure to substantially perform your duties for Company (other than as a result of incapacity due to physical or mental illness); or (viii) willful conduct by you that is demonstrably and materially injurious to Company, monetarily or otherwise.

For purpose of this agreement, “Change of Control” means: a Corporate Transaction as defined in the Company’s Plan; provided that to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Code) would become payable under this arrangement by reason of a Corporate Transaction, such event in that case represents a change in control transaction described in U.S. Treasury Regulation 1.409A-3(i)(5)(v) or 1.409A-3(i)(5)(vii).

To the extent (i) any payments to which you become entitled under this agreement, or any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) you are deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments will not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your separation from service and (ii) the date of your death following such separation from service; provided, however, that such deferral will be effected only to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph will be paid to you or your beneficiary in one lump sum (without interest). To the extent that any provision of this agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this agreement (or referenced in this agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A. No severance or separation payments payable to you until you have a “separation from service” within the meaning of Section 409A.

In the event that the severance and other benefits provided for in this agreement or otherwise payable to you (i) constitute “parachute payments” within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then your severance and other benefits under this agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes

and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following manner: first a pro-rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code, with equity all being reduced in reverse order of vesting and equity not subject to treatment under Treasury regulation 1.280G-Q & A 24(c) being reduced before equity that is so subject. Unless the Company and you otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this paragraph, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Accountants shall deliver to the Company and you sufficient documentation for you to rely on it for purpose of filing your tax returns. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph.

Your employment is and continues to be at-will, which means it may be terminated at any time by you or the Company with or without notice or cause. By accepting this amended and restated offer of employment you agree that your employment is terminable at-will. Any prior representations to the contrary are hereby superseded by this offer. This at-will employment relationship cannot be changed except by written agreement signed by the CEO of the Company. Please also note the terms of your employment including reporting relationships may change based on business needs.

As a Company employee you will be expected to abide by all Company policies and procedures and sign and comply with the Company's standard form of Proprietary Information and Invention Agreement, which, among other things, prohibits unauthorized use or disclosure of the Company's proprietary information.

To ensure the timely and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this agreement, your employment, or the termination of your employment, including but not limited to statutory claims, will be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in San Francisco, California conducted by JAMS, Inc. or its successor ("JAMS") under JAMS' then applicable rules and procedures for employment disputes (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). By agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. You will have the right to be represented by legal counsel at any arbitration proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The Arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of you if the dispute were decided in a court of law. Nothing in this letter is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

This letter, together with the Proprietary Information and Invention Agreement, forms the complete and exclusive statement of your agreement with the Company concerning the subject matter hereof. The terms of this agreement cannot be changed (except for those changes expressly reserved to the Company's discretion in this letter) without a written modification signed by you and a duly authorized officer of the Company. The terms herein supersede any other agreements or promises made to you by anyone, whether oral or written, and they are governed by the laws of the state of California without regard to conflicts of laws principles.

Sincerely,

/s/ Jennifer Cook
GRAIL, Inc.
Jennifer Cook
Chief Executive Officer, GRAIL

Accepted:

/s/ Aaron Freidin
Aaron Freidin

7/5/2018
Date

GRAIL

Detect cancer early, when it can be cured.

May 13, 2019

Josh Ofman
*Via Docusign*

Dear Josh:

I am excited to offer you the opportunity to join GRAIL!

GRAIL's mission is to save lives by detecting cancer early, when it can be cured. We have the opportunity to change the understanding of biology, rewrite the practice of healthcare and, most importantly, to save millions of lives.

We are currently building the best Team in the world because we are working on this most important and exciting challenge. On behalf of the Team, I am thrilled to have you join to innovate, collaborate, and enable us to deliver on our promise.

We are pleased to extend to you (the "**Employee**") this offer of employment with GRAIL, Inc. (the "**Company**") based on the terms and conditions set forth below (the "**Agreement**").

This offer is for the position of Chief Medical Officer and Chief of Commercial Development. You will be responsible for such duties as may be assigned to you by the Chief Executive Officer. You will report to Jennifer Cook, as your direct manager, and your employment start date will be May 31, 2019 (or such other date as mutually agreed).

For full-time regular employment, your annual base salary will be $500,000 USD, less applicable withholdings.

Your salary will be payable every other week, one week in arrears and subject to standard payroll deductions and withholdings. Your first paycheck will be prorated based on your employment start date.

You will be entitled to receive the Company's standard benefits in accordance with GRAIL's policies and subject to the terms and conditions of the governing plan documents. Please note that the Company may modify your title, job duties, compensation and benefits from time to time as it deems necessary.

You will be eligible to participate in GRAIL's Variable Compensation Plan ("**VCP**"). If your hire date is on or before October 1, you will be eligible to participate in the current year VCP on a prorated basis. If your hire date is after October 1, you will not be eligible to participate in the current year's VCP, but will be eligible to fully participate in the following year's VCP. Your VCP target is 50% of your base salary. You must continue to be employed by GRAIL on the date of payment in order to earn a VCP payment. Details of the plan will be provided to you in the near future.

In connection with the commencement of your employment, and subject to approval by the Company's Board of Directors, the Company will grant you an option to purchase 2,340,000 shares of the Company's common stock with an exercise price per share equal to the fair market value of one share of the Company's common stock on the date of the grant, as determined by the Board of Directors. Subject to your continuing service with the Company, your stock option will vest over a period of four years, with 25% cliff vesting upon the first anniversary of the vesting commencement date and 1/48$^{th}$ vesting monthly thereafter. Your stock option will be subject to the terms and conditions of the Company's 2016 Equity Incentive Plan (or any successor plan) and your stock option agreement, which you will be required to sign as a condition of receiving the stock option.

To support you with relocation costs associated with your move to the San Francisco Bay Area, the Company will provide you: (i) up to 12 months of temporary housing according to GRAIL's relocation policy; (ii) a one-time cash payment of $100,000 USD payable to you at the time of your final move (the "**Relocation Bonus**"); and (iii) reasonable moving expenses for shipment and storage of household goods according to GRAIL's relocation policy. The Relocation Bonus will be processed through the Company's payroll department, with all appropriate taxes withheld. All housing and relocation benefits set forth in this paragraph paid for on your behalf or paid by you and reimbursed by GRAIL are considered taxable benefits by the IRS and must be included as imputed income per current US tax law. Imputed income is when the taxable value of a benefit paid by an employer gets added to the employee's gross taxable income, with appropriate federal tax withholding. If you voluntarily resign your employment without Good Reason (as defined below) or are terminated for Cause (as defined below), in either case prior to the date that marks twelve (12) months from the date of payment, you will be required to repay to the Company the entire amount of the Relocation Bonus paid to you within 10 business days following your final day of employment.

As an added incentive, you will be eligible for a one-time sign-on bonus payment in the amount of $750,000 USD (the "**Sign-on Bonus**"). The Sign-on Bonus payment will be processed through our payroll department, with all appropriate taxes withheld and will be paid within 30

days of your employment start date. If you resign your employment without Good Reason or you are terminated for Cause, in either case prior to the date that is the 12-month anniversary of your employment start date, then you will be required to repay to the Company the entire amount of the Sign-on Bonus paid to you within 10 business days following your final day of employment.

If, at any time, the Company or any of its affiliates terminates your employment with the Company or its affiliates, respectively, without Cause (excluding as a result of death or disability) or you resign your employment for Good Reason, then you will be eligible to receive the following severance benefits from the Company contingent upon you providing the Company with a fully executed and irrevocable Separation and Release Agreement (as defined below):

1) a lump-sum severance payment equal to nine months of base salary paid on the 61st day following your termination;

2) reimbursement for nine (9) months (the "**Covered Period**") of the cost of your health benefits (provided that you elect continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), within the time period prescribed pursuant to COBRA for you and your eligible dependents) until the earliest of (A) the last day of the Covered Period, (B) the date upon which you and/or your eligible dependents become covered under similar plans or (C) the date upon which you cease to be eligible for coverage under COBRA (such reimbursements, the "**COBRA Premiums**"). However, if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would be required to pay to continue your group health coverage in effect on the date of your termination of employment (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made regardless of whether you elect COBRA continuation coverage and will commence on the month following your termination of employment and will end on the earlier of (x) the date upon which you obtain other employment, (y) the date the Company has paid an amount equal to the payments for the entire Covered Period, or (z) March 15th of the calendar year following your termination. For the avoidance of doubt, the taxable payments in lieu of COBRA Premiums may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings. This entire subparagraph 2 is referred to as the "**COBRA Benefit Arrangement**"); and

3) for clarity, (a) if you resign your employment with Good Reason or a termination of employment without Cause occurs in either case prior to the date that is the 12-month anniversary of your employment start date, you shall have no obligation to repay any portion of the Sign-on Bonus; and (b) if you resign your employment with Good Reason or a termination of employment without Cause occurs in either case prior to the date that is the 12-month anniversary of the Relocation Bonus payment date, you shall have no obligation to repay any portion of the Relocation Bonus.

Your "**Separation and Release Agreement**" will be in a form provided by the Company and must be executed and become irrevocable within 60 days of your termination.

If, within 12 months after or within three months before the closing of a Change of Control (as defined below), the Company or its successor terminates your employment with the Company without Cause (excluding death or disability) or you resign from such employment for Good Reason (in such Change of Control context, a "**Qualifying Termination**"), then you will instead of the severance benefits set out directly above, receive the following severance benefits from the Company contingent upon you providing the Company with a fully executed and irrevocable Separation and Release Agreement (as referred to above):

1) a lump-sum severance payment equal to 12 months of base salary paid on the 61st day following your termination;

2) a lump sum payment equal to 100% of your Target Bonus (based on assuming target achievement level) for the then-current fiscal year, paid on the 61st day following your termination;

3) the COBRA Benefit Arrangement with a Covered Period of 12 months;

4) accelerated vesting as to one hundred percent (100%) of the then-unvested portion of all of your outstanding Company equity awards, including awards that would otherwise vest only upon satisfaction of performance criteria with vesting of any performance-based awards as if all applicable performance criteria were achieved at target levels; and

5) for clarity, (a) if such Qualifying Termination occurs prior to the date that is the 12-month anniversary of your employment start date, you shall have no obligation to repay any portion of the Sign-on Bonus; and (b) if such Qualifying Termination occurs prior to the date that is the 12-month anniversary of the Relocation Bonus payment date, you shall have no obligation to repay any portion of the Relocation Bonus.

For the avoidance of doubt, if a **Qualifying Termination** occurs prior to the closing of a Change of Control, then any unvested portion of your outstanding equity awards will remain outstanding for up to three months so that any additional benefits that may be due can be provided if a Change of Control closes within three months following the Qualifying Termination under this paragraph. However, in no event will your equity awards remain outstanding beyond the equity award's original expiration date or to the extent terminated under the Company's 2016 Equity Incentive Plan (or any successor plan). If no Change of Control closes within three months of the Qualifying Termination, any unvested portion of your equity awards automatically will be forfeited permanently without having vested.

For purposes of this Agreement, "**Good Reason**" means your resignation within thirty (30) days following the end of the Cure Period (as defined below), based on one or more of the following events taking place without your consent: (i) a material diminution by the Company in your base salary; provided, however, that a reduction of base salary that (combined with all prior reductions) totals twenty percent (20%) or less and also applies to substantially all other senior executives of the Company will not constitute "Good Reason;" (ii) a material diminution by the Company in your title; (iii) a material reduction of your authority, duties, or responsibilities relative to your authority, duties, or responsibilities in effect immediately prior to such reduction, provided, however, that continued employment following a Change of Control with substantially the same responsibility with respect to the Company's business and operations will not constitute "Good Reason" (for example, "Good Reason" does not exist if you are employed by the Company with substantially the same responsibilities with respect to the Company's business that you had immediately prior to the Change of Control regardless of whether your title is revised to reflect your placement within the overall corporate hierarchy or whether you provide services to a subsidiary, affiliate, business unit or otherwise); (iv) the relocation of your principal work location to a facility or a location more than thirty-five (35) miles from your prior work location; or (v) the Company's material breach of its employment agreement with you. In order for an event to qualify as Good Reason, you must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within sixty (60) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of thirty (30) days following the date of written notice (the "**Cure Period**"), and such grounds must not have been cured during such time.

For the purpose of this Agreement, "**Cause**" means: (i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of your employment with the Company; (ii) intentional damage to the Company's assets; (iii) intentional disclosure of the Company's confidential information contrary to Company policies; (iv) breach of your obligations under this Agreement; (v) intentional engagement in any competitive activity that would constitute a breach of your duty of loyalty or of your obligations to the Company; (vi) intentional breach of any of the Company's policies; (vii) the willful and continued failure to substantially perform your duties for the Company (other than as a result of incapacity due to physical or mental illness); or (viii) willful conduct by you that is demonstrably and materially injurious to the Company, monetarily or otherwise.

For the purpose of this Agreement, "**Change of Control**" means: a Corporate Transaction as defined in the Company's 2016 Equity Incentive Plan, as amended; provided that to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**")) would become payable under this arrangement by reason of a Corporate Transaction, such event in that case represents a change in control transaction described in U.S. Treasury Regulation 1.409A-3(i)(5)(v) or 1.409A-3(i)(5)(vii).

To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments will not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your separation from service and (ii) the date of your death following such separation from service; provided, however, that such deferral will be effected only to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph will be paid to you or your beneficiary in one lump sum (without interest). To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this

Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A. No severance or separation payments payable to you until you have a "separation from service" within the meaning of Section 409A.

In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then your severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following manner: first a pro-rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code, with equity all being reduced in reverse order of vesting and equity not subject to treatment under Treasury regulation 1.280G- Q & A 24(c) being reduced before equity that is so subject. Unless the Company and you otherwise agree in writing, any determination required under this paragraph shall be made in writing by the Company's independent public accountants (the "**Accountants**"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this paragraph, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this paragraph. The Accountants shall deliver to the Company and you sufficient documentation for you to rely on it for the purpose of filing your tax returns. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this paragraph.

Your employment will be at-will, which means it may be terminated at any time by you or the Company with or without notice or cause. Any prior representations to the contrary are hereby superseded by this offer. This at-will employment relationship cannot be changed except by written agreement signed by the CEO of the Company. Please also note the terms of your employment including reporting relationships may change based on business needs.

As a Company employee you will be expected to abide by all Company policies and procedures and sign and comply with the Company's standard form of Proprietary Information and Invention Agreement, which, among other things, prohibits unauthorized use or disclosure of the Company's proprietary information.

To ensure the timely and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, your employment, or the termination of your employment, including but not limited to statutory claims, will be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in San Francisco, California conducted by JAMS, Inc. or its successor ("**JAMS**") under JAMS' then applicable rules and procedures for employment disputes (available upon request and also currently available at http://www.jamsadr.com/rules- employment-arbitration/ ). By agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. You will have the right to be represented by legal counsel at any arbitration proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of you if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

This letter Agreement, together with the Proprietary Information and Invention Agreement, forms the complete and exclusive statement of your agreement with the Company concerning the subject matter hereof. The terms of this Agreement cannot be changed (except for those changes expressly reserved to the Company's discretion in this Agreement) without a written modification signed by you and a duly authorized officer of the Company. The terms herein supersede any other agreements or promises made to you by anyone, whether oral or written, and they are governed by the laws of the state of California without regard to conflicts of laws principles.

If the foregoing accurately reflects our agreement, please so indicate no later than May 14, 2019.

On behalf of all GRAILers, I look forward to welcoming you to the incredible GRAIL journey!

Sincerely,

/s/ Patrick Broderick
GRAIL, Inc.
Patrick Broderick
General Counsel, GRAIL

Accepted:

/s/ Joshua Ofman — May 13, 2019
Joshua Ofman — Date

**Exhibit 10.17**

**Certain information has been excluded from this agreement (indicated by "[***]") because such information is both (a) not material and (b) is the type that the registrant customarily and actually treats as private or confidential.**

DATED 7th April 2016

**(1) THE CHINESE UNIVERSITY OF HONG KONG**

and

**(2) CIRINA LIMITED**

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LICENCE AGREEMENT

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**THIS LICENCE AGREEMENT** ("Agreement") is dated this 7th day of April 2016

**BETWEEN:**

(1)**The Chinese University of Hong Kong,** a university established by legislation in the Hong Kong Special Administrative Region ("**Hong Kong SAR**") located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined herein ("**University**")**;** and

(2)**Cirina Limited,** a limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**");

who together in this Agreement are referred to as the **"Parties"** and individually as the **"Party".**

**WHEREAS:**

(A)The Invention (as defined below) was invented by Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of University and his research team.

(B)University is the owner of the Invention within University Docket No. 10/MED/399 and the underlying Proprietary IPR (as defined below) therein.

(C)University and Licensee now agree to enter into this definitive agreement with regard to Licensee's exclusive licence to use the Invention and the Proprietary IPR therein in accordance with the provisions of this Agreement.

**IT IS HEREBY AGREED as follows:**

**1.Definitions**

In this Agreement, unless the context clearly otherwise requires, the following words and expressions shall have the following meanings and all defined terms shall apply to their singular and plural forms, as applicable: "Including" means 'including without limitation'. "H/herein", "hereof", "hereunder" or similar expressions refer to this Agreement. "Clause" means the referenced clause in this Agreement.

**1.1"Affiliate"** means any legal entity of which Licensee owns, directly or indirectly, 10% or more shareholdings.

**1.2"Commencement Date"** means the date of commencement of the licence as referred to in Clause 3.1.

**1.3"Effective Date"** means the date first written above of which this Agreement becomes effective.

**1.4"Expenses"** means all costs and expenses incurred for processing, defending from invalidation attacks or maintaining any of the Prospective Patent (as defined below) in a designated Patent Jurisdiction (as defined below) and includes those costs and expenses referred to in Clause 8 as payable by Licensee.

**1.5"Information"** means information relating to the Invention and any other technical information of University and any technical or business information of Licensee.

**1.6"Intellectual Property Rights" or "IPR"** means any rights including but not limited to patents, know-how, confidential information,trade secret, industrial design, copyrights,

trademarks, service marks, trade names, logos and the goodwill associated therewith and all rights or forms of protection having equivalent or similar effect (whether registered, unregistered or not capable of being registered) which may subsist anywhere in the world.

**1.7"Invention"** means the invention disclosures and patent applications which were invented by Research Team and owned by University prior to the Commencement Date as listed in Schedule 2 hereto, and all Proprietary IPR and the Prospective Patent.

**1.8"Licence Issue Fee"** means the consideration to be paid by Licensee to University in accordance with Clause 5.1.1 of this Agreement.

**1.9"Licensed Field of Use"** means all fields except prenatal (fetal or maternal) diagnostics and/or prenatal (fetal or maternal) prognostics and/or prenatal *(*fetal or maternal) analysis.

**1.10"Licensed Product"** means any product, service or process embodying, applying, adopting, using or otherwise utilizing the Invention or any part(s) thereof that is developed or produced by Licensee, its Affiliate and/or its Sub-Licensee, in the Licensed Field of Use, in each case, of which the manufacture, use, practice, sale, offer for sale, or importation, exportation, disposal or exploitation would constitute, but for the licence University grants to Licensee under this Agreement, an infringement of any valid claim of a Prospective Patent within the Invention in a country in which such activity is conducted or in which such product is sold.

**1.11"Net Sales Value"** means the aggregate consideration, including royalties (excluding up front payments, milestone payments, refunds, credits, grant or research funding or equity investment) received from third party customers from the sale of a Licensed Product, less normal trade discounts actually granted, refunds, credits, chargebacks, allowances, insurance, freight, or any relevant tax, duties or similar government levies. For avoidance of doubt, any consideration or royalties received from Sub-licensee(s) are excluded.

**1.12"Patent Jurisdiction"** means convention country and/or region in which the Prospective Patent has been filed or granted or to be filed or granted and for which the application, prosecution, defence from invalidation attacks and maintenance will be made at the Licensee's expense.

**1.13"Proprietary IPR"** means any and all underlying Intellectual Property Rights subsisting in the Invention listed in Schedule 2.

**1.14"Prospective Patent"** means any and all patents and patent applications specified in Schedule 2 or included in the Proprietary IPR, including any patents or patent applications that claim common priority therewith or are grants, divisions, continuations, continuations-inpart, reissues, re-examinations and extensions of all such patents claiming priority therefrom (and any reference to "Prospective Patent" shall include any and all of them) as well as renewals thereof.

**1.15"Research Team"** means Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of The Chinese University of Hong Kong and his research team.

**1.16"Samples"** means human patient samples provided to the Licensee.

**1.17"Standard Terms and Conditions"** or **"T&C's"** means the terms and conditions set forth in Schedule 1 hereto.

**1.18"Sub-License Income"** means all one-time payments, net of any relevant tax, duties or similar government levies, which shall be non-recurring in nature as actually received by Licensee from Sub-Licensee(s) under any sub-licence(s) granted by Licensee to Sub-Licensee(s), including without limitation any up-front payments and milestone payments to be made by Sub-Licensee(s) to Licensee under any such sub-licence(s), in each case to the extent such amounts are received in consideration of the grant of a sublicense to the Invention, but excluding any amounts received by Licensee that are (a) Sub-License Royalties payable under Clause 5.3.1, (b) based on sales of Licensed Products, (c) loans, (d) paid for equity or securities (or rights to acquire equity or securities) to the extent not in excess of fair market value, (e) paid for supply of products or materials provided at cost or in kind exchange, and (f) reimbursements of costs and expenses incurred by Licensee, including for patent-related expenses or costs incurred in performing research, development and/or services thereunder.

**1.19"Sub-Licensee"** means a sub-licensee, other than an Affiliate, who has a valid and subsisting licence granted to it by Licensee for the exploitation of the Licensed Product. For the avoidance of doubt, Sub-Licensee shall not be an Affiliate of Licensee.

**1.20"Term"** means the term of licence as defined in Clause 3.1.

**1.21**"**Territory**" means worldwide.

**2.Grant of Licence**

**2.1**Subject to Clause 2.4 below, University hereby grants to Licensee, for the Term and subject to the provisions of this Agreement, an exclusive and non-transferable licence for the Invention, with the right to sublicense, subject to Clause 4, to apply, use and exploit the use of the Invention and to make, authorize the making of, process, supply, sell, offer to sell, lease, otherwise commercially dispose of, import, have imported, export, or otherwise exploit in any manner the products and services in the Licensed Field of Use within the Territory. For avoidance of doubt, the Licensee shall be entitled to obtain Samples worldwide, including from the Territory. Licensee shall solely be responsible for the safety and quality of the Licensed Product in accordance with the applicable laws, rules and regulations.

**2.2**All improvements, modifications or alterations to the Licensed Product made or developed during the Term by University in the Licensed Field of Use, including any related patents and scientific or technical information, know-how or trade secrets, shall be, automatically, deemed subject to this Agreement and shall be included within the definition of Proprietary IPR. University shall, from time to time, promptly disclose to Licensee all such improvements, modifications or alterations.

**2.3**This grant of licence under Clause 2.1 can be extended to any Licensee's Affiliate so long as (i) such Affiliate remains as an Affiliate of Licensee as defined in Clause 1.1; and (ii) Licensee notifies University forthwith of any termination and potential termination of such relationship. Licensee shall remain fully responsible for any act done and omission on the part of Affiliate arising from or in connection with this Agreement. Licensee shall be responsible for any breach by Affiliate of the Agreement as if the breach had been that of Licensee under the Agreement. Licensee shall indemnify University and keep University harmless from and against any loss, damage, costs, expenses, demands and claims incurred or suffered by University in accordance with Paragraph 5 of the T&C's.

**2.4**Licensee and University both acknowledge and agree that the grant of exclusive right to Licensee under this Agreement shall be subject to the followings:

**2.1**University's academic rights to use the Invention, the Prospective Patent and related technology in the Territory solely for its own internal (non-commercial) research and educational purposes at all times without accounting to Licensee;

**2.2**Governmental contractual obligations of University (if any) to the extent any government funding was used in support of the Invention and Prospective Patent;

**2.3**The rights granted by University to [***] under the Sponsored Research Agreement between University and [***] dated 6 March 2008 to use University Docket No. 10/MED/399, as identified in Schedule 2, solely for internal research purposes in the field of cancer detection, cancer prognostication or other analysis for the screening and management of cancer without accounting to Licensee.

**2.5**University shall promptly, if requested by Licensee, execute and file applications (in the prescribed form) to register or provide notice to the relevant patents administrators of the transaction contemplated by this Agreement in accordance with relevant laws or regulations, provided that the Licensee:

**2.5.1**shall, together with each request made to University, provide to University a duly executed irrevocable power of attorney in favour of University pursuant to relevant laws or regulations, to enable University to remove such registration or notice to the relevant patents administration promptly upon the expiration or early termination of the licence granted in this Agreement or any part of it, or upon the abandonment by Licensee of any Prospective Patent under Clause 8.5; and

**2.5.2**shall bear all costs and expenses in connection with the requested registration or notice, as well as the removal of such registration or notice, including but not limited to University's expenses in consulting its own professional advisers about Licensee's request and attending to the filing and removal of the registration or notice.

**3Term of Licence**

**3.1**This Agreement shall become effective on the Effective Date. The licence granted under Clause 2.1 shall be effective and commence from the date of University's receipt of full payment of the Licence Issue Fee under Clause 5.1.1 ("**Commencement Date").** This Agreement and the licence shall expire concurrently with the last-to-expire Prospective Patent or on the 20th anniversary of the Commencement Date, whichever is the later, unless terminated earlier under the terms of this Agreement (the **"Term**")**.**

**3.2**In the event that Licensee fails to make full payment of the Licence Issue Fee within the prescribed period under Clause 5.1.1, this Agreement shall be automatically terminated on the expiry of the prescribed period under Clause 5.1.1. University shall not be required to refund any part of the Licence Issue Fee paid by Licensee prior to such termination and Licensee shall not be required to make further payment of the Licence Issue Fee.

**4.Sub-Licensee**

**4.1**For the Licence granted in Clause 2.1, Licensee shall been entitled to grant and authorize sub-licences of its rights thereunder to any person or entity subject to the terms of this Agreement. However, Licensee shall ensure that each sub-licence shall include obligations on the Sub-Licensee at least as restrictive as the obligations imposed on Licensee under this Agreement, excluding any economic term, which may be freely negotiated between the Licensee and Sub- Licensee, and that:

**4.1.1**The terms and conditions of any sub-licence shall prohibit further sub-licensing.

**4.2**The sub-license granted to Sub-Licensee shall be terminated by Licensee if Sublicensee directly or indirectly, during the term of the sub-licence or thereafter challenges the ownership and/or any rights of University in the Invention, including any Proprietary IPR in respect of the Invention, the Prospective Patent, and the validity thereof.

**4.3**Within thirty (30) days of the grant of any sub-licence, the Licensee shall provide to University a true copy of the executed sub-licence agreement, provided that Licensee may redact such agreement to exclude the financial terms thereof and may provide only those provisions that are reasonably related to the Licensee's obligations to University pursuant to this Agreement.

**4.4**All sub-licences granted to a Sub-licensee shall terminate automatically on the expiration or early termination of this Agreement for any reason; provided, however that sublicenses granted to a Sub-licensee shall survive if the relevant Sub-licensee agrees in writing to be bound by the terms of this Agreement as such terms apply to such Sub-licensee (in which event such Sub-licensee shall be deemed a direct licensee of University); provided that such Sub-licensee shall only be responsible for any payments that become due as a result solely of such Sub-licensee's activities after the effective date of any such termination.

**4.5**The Licensee remains fully liable to pay to University all Royalties due from the Sub Licensee, without prejudice to the right of University to seek indemnity from Licensee in accordance with Paragraph 5 of the T&C's.

**4.6**In the event that a Sub-Licensee commits a material breach of any of its other obligations under the sub-licence agreement (the **"Defaulting Sub-Licensee"),** Licensee shall use commercially reasonable efforts to enforce the terms of the relevant sub-licence agreement against the Defaulting Sub-Licensee. If the Defaulting Sub-Licensee's material breach continues for thirty (30) days after University's written notice to Licensee, and if Licensee does not within thirty (30) days after University's written notice to Licensee (or such longer period as University in its sole discretion may grant taking into consideration the nature and seriousness of the Defaulting Sub-Licensee's material breach on a case by case basis), provide evidence to satisfy University that Licensee has taken legally reasonable action under the circumstances to remedy the Defaulting Sub-Licensee's breach (possibly including, without limitation, commencement of legal proceedings by Licensee against the Defaulting Sub-Licensee to enforce the terms of the sub-licence agreement, or the provision of legal advice, obtained at Licensee's expense from counsel of its choosing, and reasonably acceptable to University, indicating that Licensee has taken legally reasonable action to deal with the Defaulting Sub-Licensee's breach) then unless expressly agreed to in writing by University and only if such material breach by such Sub-Licensee has a material adverse effect on University, the sub-licence granted to Sub-Licensee shall be terminated by Licensee. In any event, Licensee shall indemnify University against all third party claims, demands, actions, suits, damages, penalties, liabilities, judgments, costs (including legal costs and attorney charges) and expenses assessed against or incurred by University as a result of the breach by the Defaulting Sub-Licensee, even if the relevant sub-licence is terminated by Licensee, in accordance with Paragraph 5 of the T&C's.

**5.Payments**

**5.1**In consideration of the granting of Licence by University under Clause 2.1, Licensee shall pay to University:

**5.1.1**An upfront, non-refundable and non-recoupable licence issue fee of US Dollars [***] (the **"Licence Issue Fee**"), payable within one hundred and eighty (180) days from the Effective Date of this Agreement. However, if the Licence Issue Fee is not paid in its entirety within the aforesaid period, Licensee is deemed to have reverted the licence back to University and is no longer required to pay University any outstanding payment under this Agreement; and

**5.1.2**Subject to Clause 5.4, the royalty at [***] percent of Net Sales Value, in respect of each application, use, process, supply and/or sale of Licensed Product by Licensee and/or its Affiliate during the Term (the **"Royalties**"), other than any Sub-license Income and Sub-license Royalties; provided that if, in any calendar quarter(s), Licensee is obligated to pay University royalties on sales of products (including Licensed Product) under agreement no. TC1510006 or any other agreement, then no Royalties shall be due on sales of Licensed Product in such calendar quarter(s).

**5.2**For the avoidance of doubt,

**5.2.1**the Royalties, shall be payable by the Licensee to University in accordance with the terms of this Agreement throughout the Term in respect of the Net Sales Value received for the production, distribution, sale and/or use of the Licensed Product anywhere in the Territory.

**5.2.2**the Royalties and Sub-License Royalties (as defined below) must be paid in full in accordance with the provisions in Clause 5 of this Agreement. Royalties shall be paid semi-annually, and shall be in arrears ninety (90) days after the last day of June and December in each year in accordance with Clause 6.1.

**5.3**In the case of sub-licence, Licensee agrees to pay University a sub-licensing royalty as set forth below (the **"Sub-License Royalties**"):

**5.3.1**Licensee shall pay University [***] percent of Net Sales Value received by such Sublicensee(s) for the Licensed Products, net of any relevant tax, duties or similar government levies, excluding any up-front payments and milestone payments to be made by the Sub-Licensee(s) to Licensee under any such sublicence(s), provided that if, in any calendar quarter(s), Licensee is obliged to pay University Sub-License royalties on sales of products (including Licensed Product) under agreement no. TC1510006 or any other agreement, then no Sub-License Royalty shall be due on sales of Licensed Product in such calendar quarter(s); and

**5.3.2**Prior to achievement of Milestone 1 as stated in Schedule 3, Licensee shall pay University [***] percent of Sub-license Income.

**5.3.3**After achievement of Milestone 1 as stated in Schedule 3, Licensee shall pay University [***] percent of Sub-license Income.

**5.3.4**Notwithstanding the foregoing, the fees under Clauses 5.3.2 and 5.3.3 on Sub-license Income due with respect to any single sublicense agreement or Sub-Licensee shall in no event exceed US$[***].

**5.4**During each Year, Licensee shall pay University for such year the actual Royalties and SubLicense Royalties, commencing on 2nd January 2018.

**5.5**Licensee shall continue to pay Royalties, and Sub-License Royalties in accordance with Clauses 5.1.2 and 5.3 above for as long as Net Sales Value is received by Licensee Affiliates or Sublicensee(s) (respectively), and Sub-license Income is received by Licensee.

**5.6**If a court of competent jurisdiction in a particular territory, by a final decision of a court from which no further appeal or reconsideration can be taken, holds invalid any Prospective Patent or all of the relevant patent claims within a Prospective Patent, Licensee's obligation to pay Royalties corresponding to the Licensed Product(s) which is(are) covered solely by that patent or those claims, will cease as of the date of such decision in that jurisdiction and such territory will be excluded from the Territory as defined in Clause 1.21 insofar as the relevant Prospective Patent is concerned. Licensee, however, shall pay Royalties that accrued before that decision or that are based on all other patents or claims not involved in that decision. For the avoidance of doubt, if for a particular product any claim of a Prospective Patent is valid and covers that product, licensee's obligation to pay Royalties shall not cease. If for a particular product, no claim of any Prospective Patent is valid that covers that product, licensee's obligation to pay Royalties for that product in that jurisdiction shall cease. When Licensee's obligation to pay Royalties in any jurisdiction within the Territory ceases in respect of a Prospective Patent that is finally declared invalid, this Agreement is deemed to have terminated by expiry in respect of that Prospective Patent in that jurisdiction.

**6.Commercialization Report and Accounting for and Payment of Royalties and Maintenance of Records**

**6.1**Licensee shall, within ninety (90) days after the last day of June, and December, send to University a commercialization report (which shall be the Information of Licensee) which comprises:

**6.1.1**a report for the preceding six (6) months period, except the first commercialization report as defined in Clause 6.2, to indicate development activities made, milestones achieved, activities performed towards the commercialization of the Invention, and

**6.1.2**a statement specifying royalties payable to University, which shall include the quantities of Licensed Product produced, sold and sales price of Licensed Product sold or otherwise disposed of, the number of sub-licences granted to Sub-Licensees that include the right to market and sell Licensed Products and details of fees/royalties received from any Sub-Licensees and a calculation showing the royalties due, and the royalty statement shall be accompanied by a bankers' draft for (i) the Royalties; and (ii) the Sub-License Royalties payable under Clause 5.3. There shall be no cross-collateralization, no accounts shall be offset and no other adjustment shall be made between the Licensed Products or between territories, areas or countries of the Territory unless provided otherwise in this Agreement.

**6.2**The first commercialization report shall cover the period from Commencement Date to 30th June 2016. Each subsequent commercialization report should cover a period of six (6) months as stipulated in Clause 6.1.

**6.3**Licensee also agrees to make and will cause its Sub-Licensees to make a written report to University within ninety (90) days after the date of termination or early termination of this Agreement, stating in such report the number, description and Net Sales Value of all Licensed Products produced, sold, or otherwise disposed of, and upon which royalties hereunder are payable but which were not previously reported to University.

**6.4**Licensee shall keep and will require its Sub-Licensees to keep during the Term and seven (7) years thereafter, records or accounts sufficient to enable accurate calculations of royalties due to University. University shall be entitled to appoint an independent auditor not employed by the University and reasonably acceptable to Licensee to determine the correctness of any royalty statement or royalties payable or paid hereunder. The cost of inspection by such auditor shall be borne by University unless the auditor's report indicates that Licensee has under-reported its sales of Licensed Product and/or receipt of fees/royalties from Sub-Licensees by more than five (5%) percent in which case Licensee shall bear the full cost of such audit. Such audit may only be conducted once per calendar year.

**7Milestones**

Licensee agrees to meet the milestones as detailed in Schedule 3. In the event that Licensee does not meet any of the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

**8Prospective Patent**

**8.1**Subject to Clause 8.5, Licensee confirms and agrees that from the Commencement Date, it shall assume financial responsibility, as set forth in Clause 8.3, and shall continue to be financially responsible for and control the prosecution, defence from invalidation attacks and maintenance of any and all Prospective Patent within the Territory.

**8.2**University has applied for patent applications set forth in Schedule 2.

**8.3**Subject to Clause 8.1, Licensee agrees to (a) reimburse the University for all legal and government expenses to be incurred for the prosecution and maintenance of the Prospective Patent within the Invention within the Territory after the Commencement Date; and (b) pay for all costs and expenses involved in defending the relevant claims of the Prospective Patent from invalidation actions that may arise during the Term within the Territory. Said payments for undisputed amounts to be made to University within thirty (30) days upon presentation of invoice to Licensee. University shall cooperate with Licensee and join any enforcement action brought by Licensee at Licensee's request.

**8.4**University shall provide reasonable assistance to Licensee with respect to the prosecution, maintenance, and defence of the Prospective Patent. For avoidance of doubt, any patent applications and the subsequent grants, renewals, amendments or restorations of any patent or patent application listed in Schedule 2 that do not exist as of the Effective Date shall be treated as part of the Prospective Patent hereunder.

**8.5**Licensee may by at least ninety (90) days' advanced written notice terminate its financial responsibility for the expenses for the filing, prosecution, defence from invalidation attacks or maintenance of any of the Prospective Patent ("**Abandoned Patent**") in any of the Patent Jurisdiction ("**Abandoned Jurisdiction**"). The notice shall identify the Abandoned Patent, the Abandoned Jurisdiction and the date the termination is to take effect (which shall not be less than 90 days from the date of the service of the notice). The service of such notice on University shall constitute an irrevocable abandonment by Licensee of its licence hereunder in the Abandoned Patent, in the Abandoned Jurisdiction on the effective date stated in the said notice ("**Date of Abandonment**") and the Abandoned Jurisdiction shall be excluded from the definition of "Territory" in Clause 1.21 and the licence granted in Clause 2, in each case, solely with respect to the Abandoned Patent. Upon issuing the notice, and without prejudice to the Licensee's obligations for the Abandoned Patent that have accrued up to the Date of Abandonment, Licensee shall have no further obligation, rights or interests with respect to the Abandoned Patent as from the Date of Abandonment, and University shall have the option to continue or not to continue prosecution, defence from invalidation attacks or maintenance of the Abandoned Patent at its own expense. University shall use all reasonable efforts to prepare or amend any patent applications to include claims reasonably requested by Licensee to protect the Licensed Product(s) contemplated or procedures to be practiced under this Agreement.

**8.6**University shall give one hundred and twenty (120) days' notice to Licensee of any desire to cease prosecution or maintenance of a particular Proprietary IPR or Prospective Patent and, in such case, shall permit Licensee, at its sole discretion, to continue prosecution or maintenance at Licensee's own expense. If Licensee elects to continue prosecution or maintenance, University shall execute such documents and perform such acts, at Licensee's expense, as may be reasonably necessary to effect an assignment of such Proprietary IPR or Prospective Patent to Licensee. Any such assignment shall be completed in a timely manner to allow Licensee to continue such prosecution or maintenance. Any patents or patent applications so assigned shall not be considered Proprietary IPR or Prospective Patent for all purposes under this Agreement.

**9Patent Infringement**

**9.1**If either Party learns of the infringement of a Prospective Patent, in any jurisdiction within the Territory, it shall so inform the other Party in writing, including any evidence of such infringement. University may not notify a third party of the infringement of a Prospective Patent, save for its legal advisers, without first obtaining written consent of Licensee, which consent shall not be unreasonably denied or delayed. Both Parties shall use their reasonable commercial efforts in cooperation with each other to terminate such infringement.

**9.2**Licensee shall have the sole right, but not the obligation, to institute, prosecute and control any action, suit or proceeding to enforce the Prospective Patent with respect to infringement of the Prospective Patent and to defend any declaratory judgment with respect thereto, in each case within the Territory ("Action"). University hereby agrees to assist and cooperate with Licensee, at Licensee's expense (including payment for University's expert's time, and other expenses so long as such expenses are properly documented), to enable Licensee to prosecute and maintain such Action. University's agreement to assist Licensee includes, at Licensee's reasonable request and when it is required by law, government regulation or court order, University's agreement to join or to procure its Affiliates to join as a nominal party to achieve sufficient legal standing for Licensee to prosecute and maintain such Action provided that, if University participates in the Action only as a nominal party, University shall have no responsibility (other than to

join as a nominal party) nor be liable for any costs or expenses in relation to or arising from such Action. For clarity, such liabilities for costs or expenses shall be the responsibility of Licensee. If Licensee invites University or its Affiliates to take a more active role (other than as a nominal party) in an Action as a co-party, University shall have its sole discretion to decide joining or not and on terms to be agreed with Licensee on a case by case basis. Licensee shall have the right to settle any Action or consent to an adverse judgment thereto, in its sole discretion, except that Licensee may not settle such action by agreeing to the invalidation of a Prospective Patent or any claim therein without University's prior written consent. Any recovery obtained as a result of an Action, whether by judgment, award, decree or settlement, shall first be applied to reimbursement of Licensee's expenses in bringing such suit or proceeding (including any attorneys, expert and court fees), and the balance shall be considered to be Net Sales Value, and subject to the royalty payments at [***]% as set forth in Clause 5, and the remaining balance shall be recovered by Licensee as damages.

**9.3**Subject to Clause 9.2, if University commences or defends any suit or proceedings on its own account, University shall do so at its own expense. University shall have the right to settle any such action or consent to an adverse judgment thereto, in its sole discretion, except that University may not settle such action that may impair, damage or otherwise adversely affect the licence granted to Licensee under Clause 2.1, Licensee's use of such licence, any Licensed Product, or any of Licensee's rights/obligations hereunder, without Licensee's prior written consent, which consent may not be unreasonably withheld or delayed. Any recovery obtained as a result of such action, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance shall be distributed between University and Licensee at a ratio of 65:35 in all cases which do not result in a sub-licence to a third party. If a suit or proceedings result in a sub-licence to a third party, then any recovery, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance to be paid to Licensee, provided that such balance shall be shared between University and Licensee according to the provisions in Clause 5.3 herein.

**10Notices and Payments**

**10.1**Any notices or communication given under this Agreement shall be in English, in writing and delivered by registered post, courier with package tracking capabilities, or by hand, to the Party at its postal address set out below or to such other address as may be notified in writing from time to time between the Parties. A notice or communication to University must specify the Agreement Number TC1510005 for identification. Any notices or communication given under this Agreement shall be deemed to be given at the time and date of receipted delivery to the relevant address.

To University: The Chinese University of Hong Kong
Room 301, Pi Ch'iu Building
Shatin, New Territories
Hong Kong SAR
Email:
Attn: Director, Office of Research and Knowledge Transfer Services

with a copy to: The Chinese University of Hong Kong
Shatin
New Territories

Hong Kong SAR
Attn: Professor Yuk Ming Dennis Lo
Department of Chemical Pathology

To Licensee: Cirina Limited
21st Floor, Edinburgh Tower
The Landmark, 15 Queen's Road,
Central, Hong Kong SAR
Attn: Dr. Yuk Ming Dennis Lo, Board Member

**10.2**All payments to be paid hereunder shall be made in reference to the Agreement Number TC1510005 for purpose of identification. All payments to University are to be made payable to "The Chinese University of Hong Kong", to be in Hong Kong Dollars and to be sent to the Director of Office of Research and Knowledge Transfer Services at the above address of University or by wire transfer to the following account:

Account Name: [***]
Account No.: [***]
Swift Code: [***]
Name of Bank: [***]

and shall be paid in full without any deductions, save for such tax as Licensee is legally bound to withhold, which amounts withheld shall be treated as if paid to University. Licensee shall provide reasonable assistance to University, free of charge, to recover any tax so withheld. If any currency conversion shall be required to make payment in a designated currency, such conversion shall be calculated using an exchange rate equal to the average of the applicable exchange rates published by the Wall Street Journal *(Internet Edition)* on the last day of each month for the four months preceding such payment.

**10.3**If any payment (save and except for the Licence Issue Fee) due from Licensee under this Agreement is paid late, the Licensee shall be liable to pay interest on the amount of the late payment. The rate of interest referred to in this Clause 10.3 will be the annual rate of 2% above the prime lending rate of the Hong Kong and Shanghai Banking Corporation (as at the due date for payment) and interest shall accrue from the due date for payment until the date of actual receipt of payment.

**11Miscellaneous**

**11.1**"Clause" means clauses in the main part of this Agreement and "Paragraph" means paragraphs in the Standard Terms and Conditions in Schedule 1.

**11.2**Heading to clauses and paragraphs are for convenience only and have no legal effect.

**11.3**Words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or incorporate.

**11.4**Any schedule to this Agreement is part of it and reference to this Agreement includes reference thereto. In the event that there is any inconsistency between the Standard Terms and Conditions and the remainder of this Agreement, the latter shall prevail.

**11.5**Each Party agrees to maintain in confidence the other Party's Information and not use such Information for any purpose, or disclose such Information to any third party, other than as expressly provided hereunder. The terms of this Agreement shall be deemed Information of both Parties under this Agreement and there shall be no public disclosure except with prior mutual agreement, unless as provided for in this Clause. In the event that a Party is required to publicly disclose the terms of this Agreement by any law, applicable securities exchange, supervisory, regulatory or governmental body (including, but not limited to, China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong) to which any Party is subject to, the Party may disclose such term as reasonably necessary for the compliance of such court order, rule or regulation provided that the Party shall, where legally permissible, give prior written notice to the other Party and redact as much confidential information as is permitted under such rules and shall agree on all such redactions with the other Party prior to disclosure, except where such agreement may be precluded by advice of legal counsel of a Party. Licensee may disclose the terms of this Agreement to a Sub-Licensee or potential Sub-Licensee, so long as such disclosure is made under a confidentiality agreement. Each Party may disclose and use Information of the other Party only if and to the extent such disclosure and use is reasonably necessary in the following instances:

**11.5.1**filing or prosecuting Proprietary IPR and Prospective Patent as permitted by this Agreement;

**11.5.2**prosecuting or defending litigation as permitted by this Agreement;

**11.5.3**disclosure to third parties in connection with due diligence or similar investigations by such third parties, and disclosure to actual and potential third party investors or partners, collaborators, joint venturers, provided, in each case, that any such third party agrees to be bound by reasonable obligations of confidentiality and non-use;

**11.5.4**in connection with legal proceedings relating to this Agreement;

**11.5.5**in connection with the exercise of its rights under this Agreement; and

**11.5.6**to employees, agents, officers, directors, auditors, advisers, partners, consultants, permitted sub-licensees, affiliates, sub-contractors requiring confidential information for the purposes of performance of this Agreement on a need to know basis.

**IN WITNESS WHEREOF** this Agreement has been entered into on the day and year first above written.

| | | |
|---|---|---|
| Signed by | | ) |
| Name: | Prof. Walter K K HO | ) |
| Title: | Director, Office of Research and Knowledge Transfer | ) |
| Services | | ) |
| for and on behalf of | | ) /s/Walter K K Ho |
| **THE CHINESE UNIVERSITY OF HONG KONG** | | ) |
| In the presence of: Leung Kit Man | | ) /s/Leung Kit Man |

| | | |
|---|---|---|
| Signed by | | ) |
| Name: | Dr. Yuk Ming Dennis LO | ) |
| Title: | Board Member | ) |
| for and on behalf of | | ) /s/Yuk Ming Dennis Lo |
| **CIRINA LIMITED** | | ) |
| In the presence of: Rossa W. K. Chin | | ) /s/Ross W. K. Chin |

**SCHEDULE 1**

STANDARD TERMS AND CONDITIONS (the "T&C's)

1.Ownership of Intellectual Property Rights

1.1 All rights, including Intellectual Property Rights, in the Invention not expressly granted to Licensee in this Agreement shall remain vested in University.

1.2 Licensee shall, at the request of University, execute any document necessary to effect University's title where applicable, to Intellectual Property Rights in the Invention.

1.3 In the event that Licensee wishes to pursue intellectual property protection, including but not limited to patent application, for any Licensed Product, Licensee agrees to acknowledge, preserve and protect University's pre-existing Intellectual Property Rights, where applicable, in such Licensed Product.

2.Obligations of Licensee

2.1 Licensee is responsible for the quality and safety of its products.

2.2 Licensee shall use all reasonable efforts and diligence to exploit the Invention and to proceed with the development, manufacture and sale of Licensed Product and to use commercially reasonable efforts to develop markets for the Licensed Product.

2.3 Licensee will represent the Licensed Product fairly in comparison with competitive products from other suppliers.

2.4 Licensee shall not, on behalf of University, make any representations or give any warranties or guarantees in respect of the Proprietary IPR not expressly authorised in writing by University, provided that such authorization shall not be unreasonably delayed or withheld by University.

2.5 Licensee shall not market the Licensed Product under the name of University, and not in any way create any impression that University is the seller of the Licensed Product.

2.6 Licensee shall take all such steps as are reasonably necessary to protect Intellectual Property Rights in the Invention.

2.7 Licensee shall promptly inform University upon becoming aware of any illegal or unauthorised use of the Invention or any infringement of the Prospective Patent or Proprietary IPR and Intellectual Property Rights therein.

2.8 Licensee shall comply with all laws, regulations and governmental obligations that may from time to time be applicable to the making, use or sale of the Licensed Product in each part of the Territory.

2.9 As between Licensee and University and without limiting any responsibility of an Affiliate or Sub-Licensee, Licensee shall be solely responsible for any claims arising or alleged to arise from loss or injury to persons or property caused or suffered in the course of or as a consequence of the use of the Invention by Licensee, Affiliates and Sub-Licensees or the supply and sale of the Licensed Product by Licensee, Affiliates and Sub-Licensees except where such loss or injury are caused by the gross negligence or wilful misconduct of University.

2.10 Except as expressly set forth under this Agreement, Licensee shall use its best endeavours to keep the Invention confidential and not to reveal to any third party any confidential information of University regarding the Invention until after a non-disclosure agreement has been signed, provided that no such obligation shall apply to any information that has been publicly disclosed through no breach of this Agreement by Licensee, including by publication of the Inventions by the applicable governmental agency, was in the possession of Licensee prior to disclosure by University, is obtained by Licensee from a third party, or is independently developed by Licensee.

2.11 To the extent prohibited by applicable law, Licensee shall not carry out any illegal, deceptive, or unethical practices, whether or not they are to the disparagement of the Invention, Licensed Product or University, or, subject to the foregoing in this Section 2.11, any other practices which may be detrimental to the Invention, Licensed Product, University or to the public interest.

3.Restriction On Use of Name

No right or licences are granted by University to the Licensee expressly or by implication to use the name or any trademark, service mark, trade name or symbol of The Chinese University of Hong Kong or any of its employees in any public relations activities or other activities or in connection with any Licensed Product manufactured, used, or sold by the Licensee, or as part of its corporate name or firm or trade name or for any other purpose without University's prior written consent. No right or licences are granted by Licensee to University expressly or by implication to use the name or any trademark, service mark, trade name or symbol of Licensee or any of its employees in any public relations activities or other activities or in connection with any Licensed Product or as part of its corporate name or firm or trade name or for any other purpose without Licensee's prior written consent.

4.Exclusion of Warranties

4.1 Except as expressly set forth under this Agreement, nothing in this Agreement shall be construed as a warranty or representation that anything made, used, sold, or otherwise disposed of under any licence granted in this Agreement is or will be free from infringement of any patent, copyright, trade mark or any other intellectual property right of any third party.

4.2 Except as expressly set forth in this Agreement, neither party makes any representations and extends no warranties of any kind, either express or implied. In particular, but without limitation, there are no express or implied warranties of merchantability or fitness for a particular purpose, or the operation of the Invention under the Prospective Patent will be uninterrupted or error-free or any defects in the Invention will be corrected.

4.3 University does not assume any responsibility for any exploitation, use or any product produced, developed and manufactured in accordance with the Invention or for the sale or use of the product processed, developed and manufactured by Licensee or its Sub-Licensees nor shall University be deemed to make or have made any warranties of any nature whatsoever with respect to the Invention or any product processed, developed and manufactured under this Agreement.

5.Indemnity

5.1 Licensee shall defend, indemnify and hold harmless University (including its officers, directors, employees) from any and all claims, demands, actions, suits, damages, penalties, liabilities, judgements, cost or expenses (including legal fees) assessed

against or incurred by University as a result of any claim or threatened claim made by any third party against University relating to the use of or other exploitation by Licensee in connection with the manufacture, use, provision or sale of or any other dealing in the Invention or Licensed Product by Licensee, its Affiliates and its Sub-Licensee, including breach of sub-licence by a Defaulting Sub-Licensee as provided for in Clause 4.6 even if the relevant sub-licence is terminated by Licensee.

5.2 To be eligible to be indemnified hereunder, the indemnified Party shall provide the indemnifying Party with prompt notice of the third party claim giving rise to the indemnification obligation pursuant to this Paragraph 5 and the exclusive ability to defend (with the reasonable cooperation of the indemnified Party) or settle any such claim. The indemnifying Party shall have no obligations with respect to any losses resulting from the indemnified Party's admission, settlement or other communication without the prior written consent of the indemnifying Party.

6.Limitation of liability

6.1 Except for liabilities arising from a Party's breach of its obligations of confidentiality, neither Party nor any of its Affiliates shall be liable to the other Party for any indirect, punitive or consequential damages or loss of profits, whether based on contract or tort, or arising under applicable law or otherwise. Except for liabilities arising from University of its obligations of confidentiality, University hereby excludes liability to Licensee and its Sub-Licensee for any and all losses or damage of any kind howsoever caused including losses of profits or other consequential or special losses arising from the use of or inability to use the Invention.

6.2 Without prejudice to Paragraph 6.1, University's liability to the Licensee for all losses or damage of any kind howsoever caused shall be limited to the aggregate total amount received by University from Licensee under this Agreement as at the date of such breach.

6.3 No action arising out of this Agreement may be brought by either Party more than one year after the cause of action has accrued and has come to the attention of the aggrieved.

7.Termination

7.1 The licences granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Paragraph 7 or relevant provisions of this Agreement, shall continue in force for the Term of Licence as detailed in Clause 3 and this Agreement and the licenses granted hereunder shall terminate automatically by expiry.

7.2 University shall be at liberty in every and any of the following events to terminate this Agreement in totality by written notice:

7.2.1 on failure by Licensee to meet the milestones as detailed in Schedule 3 which continues for at least thirty (30) days after University has given notices of that breach;

7.2.2 on failure by Licensee to make any undisputed payment to be paid hereunder for an aggregated amount not less than HK$ 100,000 (one hundred thousand) which continues for at least thirty (30) days after University has given written notice of that breach;

7.2.3 on any attempt by Licensee to assign or otherwise transfer any of its rights under this Agreement other than in accordance with the terms of this Agreement;

7.2.4 on cessation of Licensee's business relating to the exploitation of the Invention, unless such cessation is due to a permitted assignment or transfer of rights under this Agreement; or

7.2.5 if Licensee goes into liquidation (other than for the purposes of amalgamation or reconstruction) or if a receiver is appointed of its assets and undertaking or any part of them or any distress execution or other analogous process shall be issued against any property of Licensee, and such execution or process is not dismissed within 90 days.

7.3 Licensee may terminate this Agreement by serving upon University 3 months' notice in writing of its intention to terminate this Agreement.

7.4 Either Party may terminate this Agreement by written notice if the other Party commits a material breach of this Agreement which continues for at least sixty (60) days after the nondefaulting Party has given written notice of that breach and the required remedy.

8.Effect of Termination

8.1 Paragraphs 1, 3, 4, 5, 6, 8, 11, 12, 13, 14, 15, 16, and 17 of the T&C's and Clauses 1, 4.4, 10, and 11 of the main part of the Agreement shall remain in force following termination or expiration.

8.2 On termination, the licence granted pursuant to this Agreement and all rights of Licensee under it shall forthwith cease and terminate without prejudice to any right of either Party which may have accrued up to the date of termination or remedy to sue and recover for any sum then due and to the remedy of either Party in respect of any previous breach of any provision contained in the Agreement.

8.3 Within a reasonable period of time after expiration or termination of this Agreement or the licences granted hereunder, each Party undertakes to return to the other Party all Information and all copies thereof and information in any form containing or covering in any way any part of the Information in its possession and/or control or provide evidence of their destruction.

8.4 Within a reasonable period of time after termination of this Agreement or the licences granted hereunder, Licensee shall forthwith cease to use the Invention and Licensed Product and carry on the activities permitted by this Agreement.

8.5 Licensee will pay up all fees, expenses and payments accrued and payable to University up to the date of termination.

9.Governmental Obligations

Upon request by University and at University's expense, Licensee agrees to take all reasonable action necessary on its part as licensee to allow University to satisfy its governmental obligations and other reporting requirements, if any, relating to the Invention and/or this Agreement.

10.Time and Force Majeure

10.1 Subject to any grace or cure periods and to the provisions of Paragraph 10.2 below, time shall be of the essence.

10.2 Neither Party shall be liable to the other for delay in performance of its obligations hereunder or deemed to be in breach of this Agreement due to causes beyond its control, including but not limited to acts of God, disease outbreaks, fires, strikes, acts of war, terrorist acts, or intervention by any governmental authority, and each Party will take steps to minimize any such delay. If such an event occurs, the time set by this Agreement for performance of that obligation by the relevant Party will be extended for the period by which performance is prevented by the event PROVIDED THAT the other Party may terminate this Agreement by notice if such event continues for more than 180 days.

11.Severability

In the event that any provision or part of this Agreement is held to be invalid, illegal or otherwise unenforceable, this Agreement shall be deemed to be amended by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise to retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.

12.Waiver

No indulgence given by either Party to the other shall be deemed or construed as a waiver of its rights and remedies hereunder.

13.No Implied Partnership or Agency

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between the Parties and neither Party shall have the authority or power to bind the other Party or to contract in the name of and create a liability against the other Party.

14.Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Hong Kong SAR, excluding conflict-of-law principles that would cause the application of the laws of any other jurisdiction.

15.Arbitration

15.1 The Parties shall attempt to resolve any dispute, controversy or claim (“Dispute”) arising out of or in connection with this Agreement between them amicably. In the event that the Parties

are unable to resolve any Dispute amicably within a period of ninety (90) days from the date of a Party’s notice of such Dispute to the other Parties, such Dispute, including any dispute with respect to the validity or existence of this Agreement or any provision hereof, shall be settled by arbitration in Hong Kong under the Hong Kong International Arbitration Centre (“HKIAC”) Administered Arbitration Rules in force from time to time and as may be amended.

15.2 The number of arbitrators shall be three. Each Party shall be entitled to appoint one arbitrator. The third arbitrator shall be appointed by HKIAC. All arbitration proceedings shall be conducted in the English language.

15.3 The arbitration shall be final and binding upon the Parties.

Notwithstanding the foregoing, the Parties agree that each Party shall have the right to seek interim injunction or other interim or conservatory measures from any court of competent jurisdiction, and this shall not be deemed or construed as incompatible with, or operate as a waiver of, the foregoing agreement to arbitrate.

16.Assignment

Licensee shall not assign, mortgage, charge or otherwise transfer any rights and obligations under this Agreement (and any attempt to do so will be null and void), without the prior written consent of University, except that each Licensee may, without the prior written consent of University, assign or otherwise transfer this Agreement to a successor to all or substantially all of its assets or business that pertain to this Agreement, whether by merger, operation of law, sale, or otherwise, provided that such successor agrees in writing to be bound by the terms and conditions of this Agreement.

17.Entire Agreement

17.1 This Agreement, including its Schedules, constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, representative statements, negotiations and understandings concerning the subject matter of this Agreement and University hereby excludes any implied terms which may be excluded by contract to the maximum extent permissible under applicable law.

17.2 Amendments or changes to this Agreement must be in writing and signed by duly authorized representatives of the Parties.

**SCHEDULE 2**

DESCRIPTION OF INVENTION

| University Ref No. / Disclosure Form Title | Prospective Patent |
|---|---|
| 10/MED/399<br><br>Detection of Genetic or Molecular Aberrations Associated with Cancer | US Provisional Patent Application No. 61/418391, US Provisional Patent Application No. 61/529877, Taiwanese Patent Application No. 100144098, PCT Application No. PCT/AU2011/001562, US Patent Application No. 13/308473 (Patent No. 8,741,811), Australian Patent Application No. 2011335891 (Patent No. 2011335891), Israeli Patent Application no. 226272, Singaporean Patent Application No. 2013038773 (Patent No. 190344), Japanese Patent Application No. 2013-541152, Brazilian Patent Application No. BR1120130134216, Mexican Patent Application No. MX/a/2013/006075, New Zealand Patent Application No. 611599 (Patent No. 611599), Canadian Patent Application No. 2817370, South African Patent Application No. 2013/04625, European Patent Application No. 11845367.9, Indian Patent Application No. 5000/CHENP/2013, Korean Patent Application No. 10-2013-7016780, Thai Patent Application No. 1301002874, Malaysian Patent Application No. PI2013001960, Eurasian Patent application no. 201300649, Vietnamese Patent Application No. 1-2013-02015, Chinese Patent Application No. 201180066175.7 (Patent No. ZL201180066175.7), Hong Kong Patent Application No. 14103394.0, Hong Kong Application No. 14103496.7, US Divisional Patent Application No. 14/255415, AU Divisional Patent Application No. 2015205935, Chinese Divisional Patent Application No. 201510615900.1 and Singaporean Divisional Patent Application No. 10201509766Y |

**SCHEDULE 3**

MILESTONES

Milestone 1:

[***]

Milestone 2:

[***]

AMENDMENT NO. 1

TO LICENCE AGREEMENT

This Amendment No. 1 to the Licence Agreement (this "Amendment") effective as of May 29, 2017 (the "Amendment Date"), is entered into between The Chinese University of Hong Kong, a university established by legislation in the Hong Kong Special Administrative Region ("**Hong Kong SAR**") located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined in the Agreement ("**University**"), and Cirina Limited, a limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**"). The University and Licensee are referred to in this Amendment as the "**Parties**" and individually as the "**Party**".

WHEREAS, the Parties previously entered into that certain Licence Agreement dated as of April 7, 2016 with Agreement No. TC1510005 (the "Agreement");

WHEREAS, the Parties wish to amend the Agreement in certain respects on the terms and conditions set forth herein.

NOW THEREFORE, capitalized terms not defined in this Amendment shall have the meaning ascribed in the Agreement, and the Parties hereby agree as follows:

1.Clause 1.11. Clause 1.11 of the Agreement is hereby amended and restated in its entirety as follows:

1.11 "**Net Sales Value"** means, with respect to any Licensed Product, the gross sales price of such Licensed Product invoiced by Licensee, its Affiliate and/or its Sub-Licensee to customers who are not Affiliates (or are Affiliates but are the end users of such Licensed Product) less, to the extent actually paid or accrued by Licensee, its Affiliate and/or its Sub Licensee (as applicable), (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers for nonconforming, damaged, out-dated and returned Licensed Product; (b) freight and insurance costs; (c) cash, quantity and trade discounts, rebates and other price reductions for such Licensed Product given to such customers under price reduction programs; (d) sales, use, value-added and other direct taxes incurred on the sale of such Licensed Product to such customers; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Licensed Product to such customers; (f) sales commissions incurred on the sale of such Licensed Product to such customers; and (g) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles. For avoidance of doubt, any consideration or royalties received from Sub-Licensee(s) are excluded. If a Licensed Product consists of components that are covered by valid claim of a Prospective Patent within the Invention (a **"Covered Component"**) and components that are not covered by a Valid Claim (**"Other Components"**), then Net Sales for such Licensed Products shall be multiplied by the fraction A/(A+B), where A is the value of the Covered Component(s) as reasonably determined by Licensee, and B is the value of the Other Component(s) as reasonably determined by Licensee, and such resulting amount shall be the "Net Sales Value" for purposes of the Royalties and Sub-License Royalties calculations in Clauses 5.1.2 and 5.3.1, respectively, for such Licensed Product.

2.Clause 2.1. Clause 2.1 of the Agreement is hereby amended by adding the following clause immediately after the use of "non-transferable" in the first sentence: "(except as provided in Paragraph 16 of the T&C's)".

3.Clause 4.1.1. Clause 4.1.1 of the Agreement is hereby amended and restated in its entirety as follows:

4.1.1 a sub-license may allow for further sublicensing through multiple tiers.

4.Clause 7. Clause 7 of the Agreement is hereby amended and restated in its entirety as follows:

7.Milestones

Licensee agrees to use commercially reasonable efforts to meet the milestones as detailed in Schedule 3. In the event that Licensee does not use commercially reasonable efforts to meet any of the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

5.Clause 8.2. Clause 8.2 of the Agreement is hereby amended by adding the following sentence immediately after the end of Clause 8.2: "University represents and warrants that (a) it solely owns the patent applications set forth in Schedule 2 and has obtained all rights from the inventors of the inventions claimed in such patent applications, (b) it has the right to grant the licence to the Licensee as granted under the Agreement, and (c) it has not granted any rights under the patent applications set forth in Schedule 2 to a third party except rights in the prenatal field and an internal research licence (with no commercialization rights) to [***], as identified in Clause 2.4.3".

6.Paragraph 2.10 of T&C's. Paragraph 2.10 of the T&C's is hereby amended by adding the following sentence immediately after the end of Paragraph 2.10: "For clarity, Licensee's obligations to keep the Invention confidential do not apply to the extent Licensee, its Affiliate or Sub-Licensee discloses the Invention or any portion of the Invention for purposes of obtaining regulatory approval for the Licensed Products, securing intellectual property on the Licensed Products or commercializing the Licensed Products".

7.Paragraph 8.4 of T&C's. Paragraph 8.4 of the T&C's is deleted.

8.Miscellaneous. This Amendment shall be effective for all purposes as of the Amendment Date. Except as expressly modified herein, the Agreement shall continue to remain in full force and effect in accordance with its terms. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and together shall be deemed to be one and the same document.

IN WITNESS WHEREOF, this Amendment has been entered into on the Amendment Date.

| | | | |
|---|---|---|---|
| Signed by | Prof. Walter K. K. HO | ) | |
| Name: | Director, Office of Research and | ) | |
| Title: | Knowledge Transfer Services | ) | |
| | The Chinese University of Hong Kong | ) | |
| for and on behalf of | | ) | /s/Walter K. K. HO |
| **THE CHINESE UNIVERSITY OF HONG KONG** | | ) | |
| In the presence of: Leung Kit Man | | ) | /s/Leung Kit Man |

| | | | |
|---|---|---|---|
| Signed by | | ) | |
| Name: | Maneesh Jain | ) | |
| Title: | CEO | ) | |
| | | ) | |
| for and on behalf of | | ) | /s/Maneesh Jain |
| **CIRINA LIMITED** | | ) | |
| In the presence of: Angela Wu | | ) | /s/Angela Wu |

**Certain information has been excluded from this agreement (indicated by "[***]") because such information is both (a) not material and (b) is the type that the registrant customarily and actually treats as private or confidential.**

**DATED 7th April 2016**

**(1) THE CHINESE UNIVERSITY OF HONG KONG**

**and**

**(2) CIRINA LIMITED**

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# LICENCE AGREEMENT

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**THIS LICENCE AGREEMENT** ("Agreement") is dated this 7th day of April 2016

**BETWEEN:**

(1) **The Chinese University of Hong Kong**, a university established by legislation in the Hong Kong Special Administrative Region ("**Hong Kong SAR**") located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined herein ("**University**"); and

(2) **Cirina Limited**, a limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**");

who together in this Agreement are referred to as the "**Parties**" and individually as the "**Party**"

**WHEREAS:**

(A) The Invention (as defined below) was invented by Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of University and his research team.

(B) University is the owner of the Invention within University Docket Nos. 12/MED/490, 12/MED/477, 12/MED/465, 06/MED/225, 09/MED/328, 12/MED/461, 14/MED/540, 14/MED/581, 14/MED/589, 15/MED/606, 15/MED/608 and the underlying Proprietary IPR (as defined below) therein.

(C) University and Licensee now agree to enter into this definitive agreement with regard to Licensee's exclusive licence to use the Inventions and the Proprietary IPR therein in accordance with the provisions of this Agreement.

**IT IS HEREBY AGREED as follows:**

**1 Definitions**

In this Agreement, unless the context clearly otherwise requires, the following words and expressions shall have the following meanings and all defined terms shall apply to their singular and plural forms, as applicable: "Including" means 'including without limitation'. "H/herein", "hereof", "hereunder" or similar expressions refer to this Agreement. "Clause" means the referenced clause in this Agreement.

**1.1** "**Affiliate**" means any legal entity of which Licensee owns, directly or indirectly, 10% or more shareholdings.

**1.2** "**Commencement Date**" means the date of commencement of the licence as referred to in Clause 3.1.

**1.3** "**Effective Date**" means the date first written above of which this Agreement becomes effective.

**1.4** "**Expenses**" means all costs and expenses incurred for processing, defending from invalidation attacks or maintaining any of the Prospective Patent (as defined below) in a designated Patent Jurisdiction (as defined below) and includes those costs and expenses referred to in Clause 8 as payable by Licensee.

**1.5** "**Information**" means information relating to the Invention and any other technical information of University and any technical or business information of Licensee.

**1.6** "**Intellectual Property Rights**" or "**IPR**" means any rights including but not limited to patents, know-how, confidential information, trade secret, industrial design, copyrights, trademarks, service marks, trade names, logos and the goodwill associated therewith and all rights or forms of protection having equivalent or similar effect (whether registered, unregistered or not capable of being registered) which may subsist anywhere in the world.

**1.7** "**Invention**" means the invention disclosures and patent applications which were invented by Research Team and owned by University prior to the Commencement Date as listed in Schedule 2 hereto, and all Proprietary IPR and the Prospective Patent.

**1.8** "**Licence Issue Fee**" means the consideration to be paid by Licensee to University in accordance with Clause 5.1.1 of this Agreement.

**1.9** "**Licensed Field of Use**" means all fields except prenatal (fetal or maternal) diagnostics and/or prenatal (fetal or maternal) prognostics and/or prenatal (fetal or maternal) analysis.

**1.10** "**Licensed Product**" means any product, service or process embodying, applying, adopting, using or otherwise utilizing the Invention or any part(s) thereof that is developed or produced by Licensee, its Affiliate and/or its Sub-Licensee, in the Licensed Field of Use, in each case, of which the manufacture, use, practice, sale, offer for sale, or importation, exportation, disposal or exploitation would constitute, but for the licence University grants to Licensee under this Agreement, an infringement of any valid claim of a Prospective Patent within the Invention in a country in which such activity is conducted or in which such product is sold.

**1.11** "**Net Sales Value**" means the aggregate consideration, including royalties (excluding up-front payments, milestone payments, refunds, credits, grant or research funding or equity investment) received from third party customers from the sale of a Licensed Product, less normal trade discounts actually granted, refunds, credits, chargebacks, allowances, insurance, freight, or any relevant tax, duties or similar government levies. For avoidance of doubt, any consideration or royalties received from Sub-licensee(s) are excluded.

**1.12** "**Patent Jurisdiction**" means convention country and/or region in which the Prospective Patent has been filed or granted or to be filed or granted and for which the application, prosecution, defence from invalidation attacks and maintenance will be made at the Licensee's expense.

**1.13** "**Proprietary IPR**" means any and all underlying Intellectual Property Rights subsisting in the Invention listed in Schedule 2.

**1.14** "**Prospective Patent**" means any and all patents and patent applications specified in Schedule 2 or included in the Proprietary IPR, including any patents or patent applications that claim common priority therewith or are grants, divisions, continuations, continuations-in-part, reissues, re-examinations and extensions of all such patents claiming priority therefrom (and any reference to "Prospective Patent" shall include any and all of them) as well as renewals thereof.

**1.15** "**Research Team**" means Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of The Chinese University of Hong Kong and his research team.

**1.16** "**Samples**" means human patient samples provided to the Licensee.

**1.17** "**Standard Terms and Conditions**" or "**T&C's**" means the terms and conditions set forth in Schedule 1 hereto.

**1.18** "**Sub-License Income**" means all one-time payments, net of any relevant tax, duties or similar government levies, which shall be non-recurring in nature as actually received by Licensee from Sub-Licensee(s) under any sub-licence(s) granted by Licensee to Sub-Licensee(s), including without limitation any up-front payments and milestone payments to be made by Sub-Licensee(s) to Licensee under any such sub-licence(s), in each case to the extent such amounts are received in consideration of the grant of a sublicense to the Invention, but excluding any amounts received by Licensee that are (a) Sub-License Royalties payable under Clause 5.3.1, (b) based on sales of Licensed Products, (c) loans, (d) paid for equity or securities (or rights to acquire equity or securities) to the extent not in excess of fair market value, (e) paid for supply of products or materials provided at cost or in kind exchange, and (f) reimbursements of costs and expenses incurred by Licensee, including for patent-related expenses or costs incurred in performing research, development and/or services thereunder.

**1.19** "**Sub-Licensee**" means a sub-licensee, other than an Affiliate, who has a valid and subsisting licence granted to it by Licensee for the exploitation of the Licensed Product. For the avoidance of doubt, Sub-Licensee shall not be an Affiliate of Licensee.

**1.20** "**Term**" means the term of licence as defined in Clause 3.1.

**1.21** "**Territory**" means worldwide.

**2 Grant of Licence**

**2.1** Subject to Clause 2.4 below, University hereby grants to Licensee, for the Term and subject to the provisions of this Agreement, an exclusive and non-transferable licence for the Invention, with the right to sublicense, subject to Clause 4, to apply, use and exploit the use of the Invention and to make, authorize the making of, process, supply, sell, offer to sell, lease, otherwise commercially dispose of, import, have imported, export, or otherwise exploit in any manner the products and services in the Licensed Field of Use within the Territory. For avoidance of doubt, the Licensee shall be entitled to obtain Samples worldwide, including from the Territory. Licensee shall solely be responsible for the safety and quality of the Licensed Product in accordance with the applicable laws, rules and regulations.

**2.2** Ail improvements, modifications or alterations to the Licensed Product made or developed during the Term by University in the Licensed Field of Use, including any related patents and scientific or technical information, know-how or trade secrets, shall be, automatically, deemed subject to this Agreement and shall be included within the definition of Proprietary IPR. University shall, from time to time, promptly disclose to Licensee all such improvements, modifications or alterations.

**2.3** This grant of licence under Clause 2.1 can be extended to any Licensee's Affiliate so long as (i) such Affiliate remains as an Affiliate of Licensee as defined in Clause 1.1; and (ii) Licensee notifies University forthwith of any termination and potential termination of such relationship. Licensee shall remain fully responsible for any act done and omission on the part of Affiliate arising from or in connection with this Agreement. Licensee shall be responsible for any breach by Affiliate of the Agreement as if the breach had been that of Licensee under the Agreement. Licensee shall indemnify University and keep University harmless from and against any loss, damage, costs, expenses, demands and claims incurred or suffered by University in accordance with Paragraph 5 of the T&C's.

**2.4** Licensee and University both acknowledge and agree that the grant of exclusive right to Licensee under this Agreement shall be subject to the followings:

**2.4.1** University's academic rights to use the Invention, the Prospective Patent and related technology in the Territory solely for its own internal (non-commercial) research and educational purposes at all times without accounting to Licensee;

**2.4.2** Governmental contractual obligations of University (if any) to the extent any government funding was used in support of the Invention and Prospective Patent;

**2.4.3** The rights granted by University to [***] under the Sponsored Research Agreement between University and [***] dated 6 March 2008 to use University Docket No. 12/MED/465, as identified in Schedule 2, solely for internal research purposes in the field of cancer detection, cancer prognostication or other analysis for the screening and management of cancer without accounting to Licensee.

**2.5** University shall promptly, if requested by Licensee, execute and file applications (in the prescribed form) to register or provide notice to the relevant patents administrators of the transaction contemplated by this Agreement in accordance with relevant laws or regulations, provided that the Licensee:

**2.5.1** shall, together with each request made to University, provide to University a duly executed irrevocable power of attorney in favour of University pursuant to relevant laws or regulations, to enable University to remove such registration or notice to the relevant patents administration promptly upon the expiration or early termination of the licence granted in this Agreement or any part of it, or upon the abandonment by Licensee of any Prospective Patent under Clause 8.5; and

**2.5.2** shall bear all costs and expenses in connection with the requested registration or notice, as well as the removal of such registration or notice, including but not limited to University's expenses in consulting its own professional advisers about Licensee's request and attending to the filing and removal of the registration or notice.

**3 Term of Licence**

**3.1** This Agreement shall become effective on the Effective Date. The licence granted under Clause 2.1 shall be effective and commence from the date of University's receipt of full payment of the Licence Issue Fee under Clause 5.1.1 ("**Commencement Date**"). This Agreement and the licence shall expire concurrently with the last-to-expire Prospective Patent or on the 20th anniversary of the Commencement Date, whichever is the later, unless terminated earlier under the terms of this Agreement (the "**Term**").

**3.2** In the event that Licensee fails to make full payment of the Licence Issue Fee within the prescribed period under Clause 5.1.1, this Agreement shall be automatically terminated on the expiry of the prescribed period under Clause 5.1.1. University shall not be required to refund any part of the Licence Issue Fee paid by Licensee prior to such termination and Licensee shall not be required to make further payment of the Licence Issue Fee.

**4 Sub-Licensee**

**4.1** For the Licence granted in Clause 2.1, Licensee shall be entitled to grant and authorize sub-licences of its rights thereunder to any person or entity subject to the terms of this Agreement. However, Licensee shall ensure that each sub-licence shall include obligations on the Sub-Licensee at least as restrictive as the obligations imposed on Licensee under this Agreement, excluding any economic term, which may be freely negotiated between the Licensee and Sub-Licensee, and that:

**4.1.1** The terms and conditions of any sub-licence shall prohibit further sub-licensing.

**4.2** The sub-license granted to Sub-Licensee shall be terminated by Licensee if Sublicensee directly or indirectly, during the term of the sub-licence or thereafter challenges the ownership and/or any rights of University in the Invention, including any Proprietary IPR in respect of the Invention, the Prospective Patent, and the validity thereof.

**4.3** Within thirty (30) days of the grant of any sub-licence, the Licensee shall provide to University a true copy of the executed sub-licence agreement, provided that Licensee may redact such agreement to exclude the financial terms thereof and may provide only those provisions that are reasonably related to the Licensee's obligations to University pursuant to this Agreement.

**4.4** All sub-licences granted to a Sub-licensee shall terminate automatically on the expiration or early termination of this Agreement for any reason; provided, however that sublicenses granted to a Sub-licensee shall survive if the relevant Sub-licensee agrees in writing to be bound by the terms of this Agreement as such terms apply to such Sub-licensee (in which event such Sub-licensee shall be deemed a direct licensee of University); provided that such Sub-licensee shall only be responsible for any payments that become due as a result solely of such Sub-licensee's activities after the effective date of any such termination.

**4.5** The Licensee remains fully liable to pay to University all Royalties due from the Sub-Licensee, without prejudice to the right of University to seek indemnity from Licensee in accordance with Paragraph 5 of the T&C's.

**4.6** In the event that a Sub-Licensee commits a material breach of any of its other obligations under the sub-licence agreement (the "**Defaulting Sub-Licensee**"), Licensee shall use commercially reasonable efforts to enforce the terms of the relevant sub-licence agreement against the Defaulting Sub-Licensee. If the Defaulting Sub-Licensee's material breach continues for thirty (30) days after University's written notice to Licensee, and if Licensee does not within thirty (30) days after University's written notice to Licensee (or such longer period as University in its sole discretion may grant taking into consideration the nature and seriousness of the Defaulting Sub-Licensee's material breach on a case by case basis), provide evidence to satisfy University that Licensee has taken legally reasonable action under the circumstances to remedy the Defaulting Sub-Licensee's breach (possibly including, without limitation, commencement of legal proceedings by Licensee against the Defaulting Sub-Licensee to enforce the terms of the sub-licence agreement, or the provision of legal advice, obtained at Licensee's expense from counsel of its choosing, and reasonably acceptable to University, indicating that Licensee has taken legally reasonable action to

deal with the Defaulting Sub-Licensee's breach) then unless expressly agreed to in writing by University and only if such material breach by such Sub-Licensee has a material adverse effect on University, the sub-licence granted to Sub-Licensee shall be terminated by Licensee. In any event, Licensee shall indemnify University against all third party claims, demands, actions, suits, damages, penalties, liabilities, judgments, costs (including legal costs and attorney charges) and expenses assessed against or incurred by University as a result of the breach by the Defaulting Sub-Licensee, even if the relevant sub-licence is terminated by Licensee, in accordance with Paragraph 5 of the T&C's.

**5 Payments**

**5.1** In consideration of the granting of Licence by University under Clause 2.1, Licensee shall pay to University:

**5.1.1** An upfront, non-refundable and non-recoupable licence issue fee of US Dollars [***] (the "**Licence Issue Fee**"), payable within one hundred and eighty (180) days from the Effective Date of this Agreement. However, if the Licence Issue Fee is not paid in its entirety within the aforesaid period, Licensee is deemed to have reverted the licence back to University and is no longer required to pay University any outstanding payment under this Agreement; and

**5.1.2** Subject to Clause 5.5, the royalty at [***] percent of Net Sales Value, in respect of each application, use, process, supply and/or sale of Licensed Product by Licensee and/or its Affiliate during the Term (the "**Royalties**"), other than any Sub-license Income and Sub-license Royalties; provided that if, in any calendar quarter(s), Licensee is obligated to pay University royalties on sales of products (including Licensed Product) under any other agreement, then no Royalties shall be due on sales of Licensed Product in such calendar quarter(s).

**5.2** For the avoidance of doubt,

**5.2.1** the Royalties and Minimum Guarantees (as defined in Clause 5.4) shall be payable by the Licensee to University in accordance with the terms of this Agreement throughout the Term in respect of the Net Sales Value received for the production, distribution, sale and/or use of the Licensed Product anywhere in the Territory.

**5.2.2** Licensee has to pay the Minimum Guarantees in accordance with Clauses 5.4 and 5.5 herein regardless of the status of any individual Prospective Patent. Licensee's obligation to pay Minimum Guarantees is not abated by the occurrence of any event, including but not limited to the expiry or invalidation of any issued patent or any claim therein, the unsuccessful application of any patent application, or the abandonment of any Prospective Patent by Licensee under Clause 8.5 of this Agreement.

**5.2.3** The Royalties, Minimum Guarantees and Sub-License Royalties (as defined below) must be paid in full in accordance with the provisions in Clause 5 of this Agreement. Royalties shall be paid semi-annually, and shall be in arrears ninety (90) days after the last day of June and December in each year in accordance with Clause 6.1.

**5.3** In the case of sub-licence, Licensee agrees to pay University a sub-licensing royalty as set forth below (the "**Sub-License Royalties**"):

**5.3.1** Licensee shall pay University [***] percent of Net Sales Value received by such Sublicensee(s) for the Licensed Products, net of any relevant tax, duties or similar government levies, excluding any up-front payments and milestone payments to be made by the Sub-Licensee(s) to Licensee under any such sub-licence(s), provided that if, in any calendar quarter(s), Licensee is obliged to pay University Sub-License royalties on sales of products (including Licensed Product) under any other agreement, then no Sub-License Royalty shall be due on sales of Licensed Product in such calendar quarter(s); and

**5.3.2** Prior to achievement of Milestone 1 as stated in Schedule 3, Licensee shall pay University [***] percent of Sub-license Income.

**5.3.3** After achievement of Milestone 1 as stated in Schedule 3, Licensee shall pay University [***] percent of Sub-license Income.

Notwithstanding the foregoing, the fees under Clauses 5.3.2 and 5.3.3 on Sub-license Income due with respect to any single sublicense agreement or Sub-Licensee shall in no event exceed US$[***].

**5.4** Licensee agrees to pay to University fixed sums of minimum annual royalties, subject to Clause 5.5, (the "**Minimum Guarantees**"), irrespective of whether or not Net Sales Value is generated, in advance for each year during the Term commencing on 2nd January 2018 ("**Minimum Guarantee Year**") as follows:

| Payment Date | Minimum Guarantee for the year |
|---|---|
| 2nd January 2018 | US$[***] |
| 2nd January for each and every succeeding Minimum Guarantee Year | US$[***] |

**5.5** During each Minimum Guarantee Year, Licensee shall pay University for such year the higher of the applicable (i) Minimum Guarantees, or (ii) actual Royalties and Sub-License Royalties.

**5.6** Licensee shall continue to pay Royalties, and Sub-License Royalties in accordance with Clauses 5.1.2 and 5.3 above for as long as Net Sales Value is received by Licensee, Affiliates or Sublicensee(s) (respectively), and Sub-license Income is received by Licensee.

**5.7** If a court of competent jurisdiction in a particular territory, by a final decision of a court from which no further appeal or reconsideration can be taken, holds invalid any Prospective Patent or all of the relevant patent claims within a Prospective Patent, Licensee's obligation to pay Royalties corresponding to the Licensed Product(s) which is(are) covered solely by that patent or those claims, will cease as of the date of such decision in that jurisdiction and such territory will be excluded from the Territory as defined in Clause 1.21 insofar as the relevant Prospective Patent is concerned. Licensee, however, shall pay Royalties that accrued before that decision or that are based on all other patents or claims not involved in that decision. For the avoidance of doubt, if for a particular product any claim of a Prospective Patent is valid and covers that product, licensee's obligation to pay Royalties shall not cease. If for a particular product, no claim of any Prospective Patent is valid that covers that product, licensee's obligation to pay Royalties for that product in that jurisdiction shall cease. When Licensee's obligation to pay Royalties in any jurisdiction within the Territory ceases in respect of a Prospective Patent that is finally declared invalid, this Agreement is deemed to have terminated by expiry in respect of that Prospective Patent in that jurisdiction.

**6 Commercialization Report and Accounting for and Payment of Royalties and Maintenance of Records**

**6.1** Licensee shall, within ninety (90) days after the last day of June, and December, send to University a commercialization report (which shall be the Information of Licensee) which comprises:

**6.1.1** a report for the preceding six (6) months period, except the first commercialization report as defined in Clause 6.2, to indicate development activities made, milestones achieved, activities performed towards the commercialization of the Invention, and

**6.1.2** a statement specifying royalties payable to University, which shall include the quantities of Licensed Product produced, sold and sales price of Licensed Product sold or otherwise disposed of, the number of sub-licences granted to Sub-Licensees that include the right to market and sell Licensed Products and details of fees/royalties received from any Sub-Licensees and a calculation showing the royalties due, and the royalty statement shall be accompanied by a bankers' draft for (i) any amount over and above the Minimum Guarantees paid in advance for that year under Clause 5.4; and (ii) the Sub-License Royalties payable under Clause 5.3. There shall be no cross-collateralization, no accounts shall be offset and no other adjustment shall be made between the Licensed Products or between territories, areas or countries of the Territory unless provided otherwise in this Agreement.

**6.2** The first commercialization report shall cover the period from Commencement Date to 30th June 2016. Each subsequent commercialization report should cover a period of six (6) months as stipulated in Clause 6.1.

**6.3** Licensee also agrees to make and will cause its Sub-Licensees to make a written report to University within ninety (90) days after the date of termination or early termination of this Agreement, stating in such report the number, description and Net Sales Value of all Licensed Products produced, sold, or otherwise disposed of, and upon which royalties hereunder are payable but which were not previously reported to University.

**6.4** Licensee shall keep and will require its Sub-Licensees to keep during the Term and seven (7) years thereafter, records or accounts sufficient to enable accurate calculations of royalties due to University. University shall be entitled to appoint an independent auditor not employed by the University and reasonably acceptable to Licensee to determine the correctness of any royalty statement or royalties payable or paid hereunder. The cost of inspection by such auditor shall be borne by University unless the auditor's report indicates that Licensee has under-reported its sales of Licensed Product and/or receipt of fees/royalties from Sub-Licensees by more than five (5%) percent in which case Licensee shall bear the full cost of such audit. Such audit may only be conducted once per calendar year.

**7 Milestones**

Licensee agrees to meet the milestones as detailed in Schedule 3. In the event that Licensee does not meet any of the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

**8 Prospective Patent**

**8.1** Subject to Clause 8.5, Licensee confirms and agrees that from the Commencement Date, it shall assume financial responsibility, as set forth in Clause 8.3, and shall continue to be financially responsible for and control the prosecution, defence from invalidation attacks and maintenance of any and all Prospective Patent within the Territory.

**8.2** University has applied for patent applications set forth in Schedule 2.

**8.3** Subject to Clause 8.1, Licensee agrees to (a) reimburse the University for all legal and government expenses to be incurred for the prosecution and maintenance of the Prospective Patent within the invention within the Territory after the Commencement Date; and (b) pay for all costs and expenses involved in defending the relevant claims of the Prospective Patent from invalidation actions that may arise during the Term within the Territory. Said payments for undisputed amounts to be made to University within thirty (30) days upon presentation of invoice to Licensee. University shall cooperate with Licensee and join any enforcement action brought by Licensee at Licensee's request.

**8.4** University shall provide reasonable assistance to Licensee with respect to the prosecution, maintenance, and defence of the Prospective Patent. For avoidance of doubt, any patent applications and the subsequent grants, renewals, amendments or restorations of any patent or patent application listed in Schedule 2 that do not exist as of the Effective Date shall be treated as part of the Prospective Patent hereunder.

**8.5** Licensee may by at least ninety (90) days' advanced written notice terminate its financial responsibility for the expenses for the filing, prosecution, defence from invalidation attacks or maintenance of any of the Prospective Patent ("**Abandoned Patent**") in any of the Patent Jurisdiction ("**Abandoned Jurisdiction**"). The notice shall identify the Abandoned Patent, the Abandoned Jurisdiction and the date the termination is to take effect (which shall not be less than 90 days from the date of the service of the notice). The service of such notice on University shall

constitute an irrevocable abandonment by Licensee of its licence hereunder in the Abandoned Patent, in the Abandoned Jurisdiction on the effective date stated in the said notice ("**Date of Abandonment**") and the Abandoned Jurisdiction shall be excluded from the definition of "Territory" in Clause 1.21 and the licence granted in Clause 2, in each case, solely with respect to the Abandoned Patent. Upon issuing the notice, and without prejudice to the Licensee's obligations for the Abandoned Patent that have accrued up to the Date of Abandonment, Licensee shall have no further obligation, rights or interests with respect to the Abandoned Patent as from the Date of Abandonment, and University shall have the option to continue or not to continue prosecution, defence from invalidation attacks or maintenance of the Abandoned Patent at its own expense. University shall use all reasonable efforts to prepare or amend any patent applications to include claims reasonably requested by Licensee to protect the Licensed Product(s) contemplated or procedures to be practiced under this Agreement.

**8.6** University shall give one hundred and twenty (120) days' notice to Licensee of any desire to cease prosecution or maintenance of a particular Proprietary IPR or Prospective Patent and, in such case, shall permit Licensee, at its sole discretion, to continue prosecution or maintenance at Licensee's own expense. If Licensee elects to continue prosecution or maintenance, University shall execute such documents and perform such acts, at Licensee's expense, as may be reasonably necessary to effect an assignment of such Proprietary IPR or Prospective Patent to Licensee. Any such assignment shall be completed in a timely manner to allow Licensee to continue such prosecution or maintenance. Any patents or patent applications so assigned shall not be considered Proprietary IPR or Prospective Patent for all purposes under this Agreement.

**9 Patent Infringement**

**9.1** If either Party learns of the infringement of a Prospective Patent, in any jurisdiction within the Territory, it shall so inform the other Party in writing, including any evidence of such infringement. University may not notify a third party of the infringement of a Prospective Patent, save for its legal advisers, without first obtaining written consent of Licensee, which consent shall not be unreasonably denied or delayed. Both Parties shall use their reasonable commercial efforts in cooperation with each other to terminate such infringement.

**9.2** Licensee shall have the sole right, but not the obligation, to institute, prosecute and control any action, suit or proceeding to enforce the Prospective Patent with respect to infringement of the Prospective Patent and to defend any declaratory judgment with respect thereto, in each case within the Territory ("Action"). University hereby agrees to assist and cooperate with Licensee, at Licensee's expense (including payment for University's expert's time, and other expenses so long as such expenses are properly documented), to enable Licensee to prosecute and maintain such Action. University's agreement to assist Licensee includes, at Licensee's reasonable request and when it is required by law, government regulation or court order, University's agreement to join or to procure its Affiliates to join as a nominal party to achieve sufficient legal standing for Licensee to prosecute and maintain such Action provided that, if University participates in the Action only as a nominal party, University shall have no responsibility (other than to join as a nominal party) nor be liable for any costs or expenses in relation to or arising from such Action. For clarity, such liabilities for costs or expenses shall be the responsibility of Licensee. If Licensee invites University or its Affiliates to take a more active role (other than as a nominal party) in an Action as a co-party, University shall have its sole discretion to decide joining or not and on terms to be agreed with Licensee on a case by case basis. Licensee shall have the right to settle any Action or consent to an adverse judgment thereto, in its sole discretion, except that Licensee may not settle such action by agreeing to the invalidation of a Prospective Patent or any claim therein without University's prior written consent. Any recovery obtained as a result of an Action, whether by judgment, award, decree or settlement, shall first be applied to reimbursement of Licensee's expenses in bringing such suit or proceeding (including any attorneys, expert and court fees), and the balance shall be considered to be Net Sales Value, and subject to the royalty payments at [***]% as set forth in Clause 5, and the remaining balance shall be recovered by Licensee as damages.

**9.3** Subject to Clause 9.2, if University commences or defends any suit or proceedings on its own account, University shall do so at its own expense. University shall have the right to settle any such action or consent to an adverse judgment thereto, in its sole discretion, except that University may not settle such action that may impair, damage or otherwise adversely affect the licence granted to

Licensee under Clause 2.1, Licensee's use of such licence, any Licensed Product, or any of Licensee's rights/obligations hereunder, without Licensee's prior written consent, which consent may not be unreasonably withheld or delayed. Any recovery obtained as a result of such action, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance shall be distributed between University and Licensee at a ratio of 65:35 in all cases which do not result in a sub-licence to a third party. If a suit or proceedings result in a sub-licence to a third party, then any recovery, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance to be paid to Licensee, provided that such balance shall be shared between University and Licensee according to the provisions in Clause 5.3 herein.

**10 Notices and Payments**

**10.1** Any notices or communication given under this Agreement shall be in English, in writing and delivered by registered post, courier with package tracking capabilities, or by hand, to the Party at its postal address set out below or to such other address as may be notified in writing from time to time between the Parties. A notice or communication to University must specify the Agreement Number TC1510006 for identification. Any notices or communication given under this Agreement shall be deemed to be given at the time and date of receipted delivery to the relevant address.

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| To University: | The Chinese University of Hong Kong<br>Room 301, Pi Chilu Building<br>Shatin, New Territories<br>Hong Kong SAR<br>Email:<br>Attn: Director, Office of Research and Knowledge Transfer Services |
| with a copy to: | The Chinese University of Hong Kong<br>Shatin<br>New Territories<br>Hong Kong SAR<br>Attn: Professor Yuk Ming Dennis Lo<br>Department of Chemical Pathology |
| To Licensee: | Cirina Limited<br>21st Floor, Edinburgh Tower<br>The Landmark, 15 Queen's Road,<br>Central, Hong Kong SAR<br>Attn: Dr. Yuk Ming Dennis Lo, Board Member |

**10.2** All payments to be paid hereunder shall be made in reference to the Agreement Number TC1510006 for purpose of identification. All payments to University are to be made payable to "The Chinese University of Hong Kong", to be in Hong Kong Dollars and to be sent to the Director of Office of Research and Knowledge Transfer Services at the above address of University or by wire transfer to the following account:

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| Account Name: | [***] |
| Account No.: | [***] |
| Swift Code: | [***] |
| Name of Bank: | [***] |

and shall be paid in full without any deductions, save for such tax as Licensee is legally bound to withhold, which amounts withheld shall be treated as if paid to University. Licensee shall provide

reasonable assistance to University, free of charge, to recover any tax so withheld. If any currency conversion shall be required to make payment in a designated currency, such conversion shall be calculated using an exchange rate equal to the average of the applicable exchange rates published by the Wall Street Journal (*Internet Edition*) on the last day of each month for the four months preceding such payment.

**10.3** If any payment (save and except for the Licence Issue Fee) due from Licensee under this Agreement is paid late, the Licensee shall be liable to pay interest on the amount of the late payment. The rate of interest referred to in this Clause 10.3 will be the annual rate of 2% above the prime lending rate of the Hong Kong and Shanghai Banking Corporation (as at the due date for payment) and interest shall accrue from the due date for payment until the date of actual receipt of payment.

**11 Miscellaneous**

**11.1** "Clause" means clauses in the main part of this Agreement and "Paragraph" means paragraphs in the Standard Terms and Conditions in Schedule 1.

**11.2** Heading to clauses and paragraphs are for convenience only and have no legal effect.

**11.3** Words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or incorporate.

**11.4** Any schedule to this Agreement is part of it and reference to this Agreement includes reference thereto. In the event that there is any inconsistency between the Standard Terms and Conditions and the remainder of this Agreement, the latter shall prevail.

**11.5** Each Party agrees to maintain in confidence the other Party's Information and not use such Information for any purpose, or disclose such Information to any third party, other than as expressly provided hereunder. The terms of this Agreement shall be deemed Information of both Parties under this Agreement and there shall be no public disclosure except with prior mutual agreement, unless as provided for in this Clause. In the event that a Party is required to publicly disclose the terms of this Agreement by any law, applicable securities exchange, supervisory, regulatory or governmental body (including, but not limited to, China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong) to which any Party is subject to, the Party may disclose such term as reasonably necessary for the compliance of such court order, rule or regulation provided that the Party shall, where legally permissible, give prior written notice to the other Party and redact as much confidential information as is permitted under such rules and shall agree on all such redactions with the other Party prior to disclosure, except where such agreement may be precluded by advice of legal counsel of a Party. Licensee may disclose the terms of this Agreement to a Sub-Licensee or potential Sub-Licensee, so long as such disclosure is made under a confidentiality agreement. Each Party may disclose and use Information of the other Party only if and to the extent such disclosure and use is reasonably necessary in the following instances:

**11.5.1** filing or prosecuting Proprietary IPR and Prospective Patent as permitted by this Agreement;

**11.5.2** prosecuting or defending litigation as permitted by this Agreement;

**11.5.3** disclosure to third parties in connection with due diligence or similar investigations by such third parties, and disclosure to actual and potential third party investors or partners, collaborators, joint venturers, provided, in each case, that any such third party agrees to be bound by reasonable obligations of confidentiality and non-use;

**11.5.4** in connection with legal proceedings relating to this Agreement;

**11.5.5** in connection with the exercise of its rights under this Agreement; and

**11.5.6** to employees, agents, officers, directors, auditors, advisers, partners, consultants, permitted sub-licensees, affiliates, sub-contractors requiring confidential information for the purposes of performance of this Agreement on a need to know basis.

**IN WITNESS WHEREOF** this Agreement has been entered into on the day and year first above written.

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| SIGNED by<br>Name: Prof. Walter K K HO<br>Title: Director, Office of Research and Knowledge Transfer Services<br>for and on behalf of<br>**THE CHINESE UNIVERSITY OF HONG KONG**<br>in the presence of: Leung Kit Man | ) | /s/Walter K K Ho<br><br>/s/ Leung Kit Man |

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| SIGNED by<br>Name: Dr. Yuk Ming Dennis LO<br>Title: Board Member<br>for and on behalf of<br>**CIRINA LIMITED**<br>in the presence of: Rossa W.K. Chin | ) | /s/ Yuk Ming Dennis Lo<br><br>/s/ Rossa W.K. Chin |

**SCHEDULE 1**

STANDARD TERMS AND CONDITIONS (the "T&C's)

1. Ownership of Intellectual Property Rights

1.1 All rights, including Intellectual Property Rights, in the Invention not expressly granted to Licensee in this Agreement shall remain vested in University.

1.2 Licensee shall, at the request of University, execute any document necessary to effect University's title where applicable, to Intellectual Property Rights in the Invention.

1.3 In the event that Licensee wishes to pursue intellectual property protection, including but not limited to patent application, for any Licensed Product, Licensee agrees to acknowledge, preserve and protect University's pre-existing Intellectual Property Rights, where applicable, in such Licensed Product.

2. Obligations of Licensee

2.1 Licensee is responsible for the quality and safety of its products.

2.2 Licensee shall use all reasonable efforts and diligence to exploit the Invention and to proceed with the development, manufacture and sale of Licensed Product and to use commercially reasonable efforts to develop markets for the Licensed Product.

2.3 Licensee will represent the Licensed Product fairly in comparison with competitive products from other suppliers.

2.4 Licensee shall not, on behalf of University, make any representations or give any warranties or guarantees in respect of the Proprietary IPR not expressly authorised in writing by University, provided that such authorization shall not be unreasonably delayed or withheld by University.

2.5 Licensee shall not market the Licensed Product under the name of University, and not in any way create any impression that University is the seller of the Licensed Product.

2.6 Licensee shall take all such steps as are reasonably necessary to protect Intellectual Property Rights in the Invention.

2.7 Licensee shall promptly inform University upon becoming aware of any illegal or unauthorised use of the Invention or any infringement of the Prospective Patent or Proprietary IPR and Intellectual Property Rights therein.

2.8 Licensee shall comply with all laws, regulations and governmental obligations that may from time to time be applicable to the making, use or sale of the Licensed Product in each part of the Territory.

2.9 As between Licensee and University and without limiting any responsibility of an Affiliate or Sub-Licensee, Licensee shall be solely responsible for any claims arising or alleged to arise from loss or injury to persons or property caused or suffered in the course of or as a consequence of the use of the Invention by Licensee, Affiliates and Sub-Licensees or the supply and sale of the Licensed Product by Licensee, Affiliates and Sub-Licensees except where such loss or injury are caused by the gross negligence or wilful misconduct of University.

2.10 Except as expressly set forth under this Agreement, Licensee shall use its best endeavours to keep the Invention confidential and not to reveal to any third party any confidential information of University regarding the Invention until after a non-disclosure agreement has been signed, provided that no such obligation shall apply to any information that has been publicly disclosed through no breach of this Agreement by Licensee, including by publication of the Inventions by the applicable governmental agency, was in the possession of Licensee prior to disclosure by University, is obtained by Licensee from a third party, or is independently developed by Licensee.

2.11 To the extent prohibited by applicable law, Licensee shall not carry out any illegal, deceptive, or unethical practices, whether or not they are to the disparagement of the Invention, Licensed

Product or University, or, subject to the foregoing in this Section 2.11, any other practices which may be detrimental to the Invention, Licensed Product, University or to the public interest.

3. Restriction On Use of Name

No right or licences are granted by University to the Licensee expressly or by implication to use the name or any trademark, service mark, trade name or symbol of The Chinese University of Hong Kong or any of its employees in any public relations activities or other activities or in connection with any Licensed Product manufactured, used, or sold by the Licensee, or as part of its corporate name or firm or trade name or for any other purpose without University's prior written consent. No right or licences are granted by Licensee to University expressly or by implication to use the name or any trademark, service mark, trade name or symbol of Licensee or any of its employees in any public relations activities or other activities or in connection with any Licensed Product or as part of its corporate name or firm or trade name or for any other purpose without Licensee's prior written consent.

4. Exclusion of Warranties

4.1 Except as expressly set forth under this Agreement, nothing in this Agreement shall be construed as a warranty or representation that anything made, used, sold, or otherwise disposed of under any licence granted in this Agreement is or will be free from infringement of any patent, copyright, trade mark or any other intellectual property right of any third party.

4.2 Except as expressly set forth in this Agreement, neither party makes any representations and extends no warranties of any kind, either express or implied. In particular, but without limitation, there are no express or implied warranties of merchantability or fitness for a particular purpose, or the operation of the Invention under the Prospective Patent will be uninterrupted or error-free or any defects in the Invention will be corrected.

4.3 University does not assume any responsibility for any exploitation, use or any product produced, developed and manufactured in accordance with the Invention or for the sale or use of the product processed, developed and manufactured by Licensee or its Sub-Licensees nor shall University be deemed to make or have made any warranties of any nature whatsoever with respect to the Invention or any product processed, developed and manufactured under this Agreement.

5. Indemnity

5.1 Licensee shall defend, indemnify and hold harmless University (including its officers, directors, employees) from any and all claims, demands, actions, suits, damages, penalties, liabilities, judgements, cost or expenses (including legal fees) assessed against or incurred by University as a result of any claim or threatened claim made by any third party against University relating to the use of or other exploitation by Licensee in connection with the manufacture, use, provision or sale of or any other dealing in the Invention or Licensed Product by Licensee, its Affiliates and its Sub-Licensee, including breach of sub-licence by a Defaulting Sub-Licensee as provided for in Clause 4.6 even if the relevant sub-licence is terminated by Licensee.

5.2 To be eligible to be indemnified hereunder, the indemnified Party shall provide the indemnifying Party with prompt notice of the third party claim giving rise to the indemnification obligation pursuant to this Paragraph 5 and the exclusive ability to defend (with the reasonable cooperation of the indemnified Party) or settle any such claim. The indemnifying Party shall have no obligations with respect to any losses resulting from the indemnified Party's admission, settlement or other communication without the prior written consent of the indemnifying Party.

6. Limitation of liability

6.1 Except for liabilities arising from a Party's breach of its obligations of confidentiality, neither Party nor any of its Affiliates shall be liable to the other Party for any indirect, punitive or consequential damages or loss of profits, whether based on contract or tort. or arising under applicable law or otherwise. Except for liabilities arising from University of its obligations of confidentiality, University hereby excludes liability to Licensee and its Sub-Licensee for any and all losses or damage of any

kind howsoever caused including losses of profits or other consequential or special losses arising from the use of or inability to use the Invention.

6.2 Without prejudice to Paragraph 6.1, University's liability to the Licensee for all losses or damage of any kind howsoever caused shall be limited to the aggregate total amount received by University from Licensee under this Agreement as at the date of such breach.

6.3 No action arising out of this Agreement may be brought by either Party more than one year after the cause of action has accrued and has come to the attention of the aggrieved.

7 Termination

7.1 The licences granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Paragraph 7 or relevant provisions of this Agreement, shall continue in force for the Term of Licence as detailed in Clause 3 and this Agreement and the licenses granted hereunder shall terminate automatically by expiry.

7.2 University shall be at liberty in every and any of the following events to terminate this Agreement in totality by written notice:

7.2.1 on failure by Licensee to meet the milestones as detailed in Schedule 3 which continues for at least thirty (30) days after University has given notices of that breach;

7.2.2 on failure by Licensee to make any undisputed payment to be paid hereunder for an aggregated amount not less than HK$ 100,000 (one hundred thousand) which continues for at least thirty (30) days after University has given written notice of that breach;

7.2.3 on any attempt by Licensee to assign or otherwise transfer any of its rights under this Agreement other than in accordance with the terms of this Agreement;

7.2.4 on cessation of Licensee's business relating to the exploitation of the Invention, unless such cessation is due to a permitted assignment or transfer of rights under this Agreement; or

7.2.5 if Licensee goes into liquidation (other than for the purposes of amalgamation or reconstruction) or if a receiver is appointed of its assets and undertaking or any part of them or any distress execution or other analogous process shall be issued against any property of Licensee, and such execution or process is not dismissed within 90 days.

7.3 Licensee may terminate this Agreement by serving upon University 3 months' notice in writing of its intention to terminate this Agreement.

7.4 Either Party may terminate this Agreement by written notice if the other Party commits a material breach of this Agreement which continues for at least sixty (60) days after the non-defaulting Party has given written notice of that breach and the required remedy.

8. Effect of Termination

8.1 Paragraphs 1, 3, 4, 5, 6, 8, 11, 12, 13, 14, 15, 16, and 17 of the T&C's and Clauses 1, 4.4, 10, and 11 of the main part of the Agreement shall remain in force following termination or expiration.

8.2 On termination, the licence granted pursuant to this Agreement and all rights of Licensee under it shall forthwith cease and terminate without prejudice to any right of either Party which may have accrued up to the date of termination or remedy to sue and recover for any sum then due and to the remedy of either Party in respect of any previous breach of any provision contained in the Agreement.

8.3 Within a reasonable period of time after expiration or termination of this Agreement or the licences granted hereunder, each Party undertakes to return to the other Party all Information and all copies thereof and information in any form containing or covering in any way any part of the Information in its possession and/or control or provide evidence of their destruction.

8.4 Within a reasonable period of time after termination of this Agreement or the licences granted hereunder, Licensee shall forthwith cease to use the Invention and Licensed Product and carry on the activities permitted by this Agreement.

8.5 Licensee will pay up all fees, expenses and payments accrued and payable to University up to the date of termination.

9. Governmental Obligations

Upon request by University and at University's expense, Licensee agrees to take all reasonable action necessary on its part as licensee to allow University to satisfy its governmental obligations and other reporting requirements, if any, relating to the Invention and/or this Agreement.

10. Time and Force Majeure

10.1 Subject to any grace or cure periods and to the provisions of Paragraph 10.2 below, time shall be of the essence.

10.2 Neither Party shall be liable to the other for delay in performance of its obligations hereunder or deemed to be in breach of this Agreement due to causes beyond its control, including but not limited to acts of God, disease outbreaks, fires, strikes, acts of war, terrorist acts, or intervention by any governmental authority, and each Party will take steps to minimize any such delay. If such an event occurs, the time set by this Agreement for performance of that obligation by the relevant Party will be extended for the period by which performance is prevented by the event PROVIDED THAT the other Party may terminate this Agreement by notice if such event continues for more than 180 days.

11. Severability

In the event that any provision or part of this Agreement is held to be invalid, illegal or otherwise unenforceable, this Agreement shall be deemed to be amended by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise to retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.

12. Waiver

No indulgence given by either Party to the other shall be deemed or construed as a waiver of its rights and remedies hereunder.

13. No Implied Partnership or Agency

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between the Parties and neither Party shall have the authority or power to bind the other Party or to contract in the name of and create a liability against the other Party.

14. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Hong Kong SAR, excluding conflict-of-law principles that would cause the application of the laws of any other jurisdiction.

15. Arbitration

15.1 The Parties shall attempt to resolve any dispute, controversy or claim ("Dispute") arising out of or in connection with this Agreement between them amicably. In the event that the Parties are unable to resolve any Dispute amicably within a period of ninety (90) days from the date of a Party's notice of such Dispute to the other Parties, such Dispute, including any dispute with respect to the validity or existence of this Agreement or any provision hereof, shall be settled by arbitration in Hong Kong under the Hong Kong International Arbitration Centre ("HKIAC") Administered Arbitration Rules in force from time to time and as may be amended.

15.2 The number of arbitrators shall be three. Each Party shall be entitled to appoint one arbitrator. The third arbitrator shall be appointed by HKIAC. All arbitration proceedings shall be conducted in the English language.

15.3 The arbitration shall be final and binding upon the Parties.

Notwithstanding the foregoing, the Parties agree that each Party shall have the right to seek interim injunction or other interim or conservatory measures from any court of competent jurisdiction, and this shall not be deemed or construed as incompatible with, or operate as a waiver of, the foregoing agreement to arbitrate.

16. Assignment

Licensee shall not assign, mortgage, charge or otherwise transfer any rights and obligations under this Agreement (and any attempt to do so will be null and void), without the prior written consent of University, except that each Licensee may, without the prior written consent of University, assign or otherwise transfer this Agreement to a successor to all or substantially all of its assets or business that pertain to this Agreement, whether by merger, operation of law, sale, or otherwise, provided that such successor agrees in writing to be bound by the terms and conditions of this Agreement.

17 Entire Agreement

17.1 This Agreement, including its Schedules, constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, representative statements, negotiations and understandings concerning the subject matter of this Agreement and University hereby excludes any implied terms which may be excluded by contract to the maximum extent permissible under applicable law.

17.2 Amendments or changes to this Agreement must be in writing and signed by duly authorized representatives of the Parties.

**SCHEDULE 2**

DESCRIPTION OF INVENTION

| **University Ref No. / Disclosure Form Title** | Prospective Patent |
|---|---|
| **1. 12/MED/490**<br><br>**Non-invasive Determination of Methylome of Fetus or Tumor from Plasma** | US Provisional Patent Application No. 61/703512, US Patent Application No. 13/842209, US Provisional Application No. 61/830571, PCT Application No. PCT/AU2013/001088, Taiwanese Patent Application No. 102134227, US Continuation-In-Part Patent Application No. 14/495791, Israeli Patent Application No. 237495, Canadian Patent Application No. 2884066, Malaysian Patent Application No. PI 2015000628, Singaporean Patent Application No. 11201501927V, Philippine Patent Application No. 1-2015-500547, South African Patent Application No. 2015/01772, Indonesian Patent Application No. P00201501544, Australian Patent Application No. 2013317708, Thai Patent Application No. 1501001507, Mexican Patent Application No. MX/a/2015/003571, Brazilian Patent Application No. BR 11 2015 006183 4, New Zealand Patent Application No. 706269, Eurasian Patent Application No. 201500327, European Patent Application No. 13838770.9, Korean Patent Application No. 10-2015-7010184, Chinese Patent Application No. 201380058654.3, Hong Kong Patent Application No 15107437.9 and Hong Kong Patent Application No. 15107703.6 |
| **2. 12/MED/477**<br><br>Mutational Analysis of Plasma DNA for Cancer Detection | US Provisional Patent Application No. 61/662878, US Provisional Patent Application No. 61/682725, US Provisional Patent Application No. 61/695795, US Provisional Patent Application No. 61/711172, US Patent Application No. 13/801748, PCT Application No. PCT/IB2013/054898, Taiwanese Patent Application No. 102122036, Israeli Patent Application No. 235967, Canadian Patent Application No. 2876327, Singaporean Patent Application No. 1120148113Q, South African Patent Application No. 2014/09281, Mexican Patent Application No. MX/a/2014/016058, European Patent Application No. 13807105.5, Australian Patent Application No. 2013278994, Korean Patent Application No. 10-2015-7001225, Eurasian Patent Application No. 201500027, Chinese Patent Application No. 201380042981.X, Japanese Application No. 2015-517896, Hong Kong Patent Application No. 15104321.5, and Hong Kong Patent Application No. 15105992.0 |
| **3. 12/MED/465**<br><br>Diagnosing Cancer Using Genomic Sequencing | New Zealand Divisional Patent Application No. 600407 (Patent No. 600407), European Divisional Patent Application No. 12173422.2, Singaporean Divisional Patent Application No 201205410-2, Eurasian Patent Application No. 201201551, Australian Divisional Patent Application No. 2013200581 (Patent No. 2013200581), Hong Kong Patent Application No. 13104697.3, US Divisional Patent Application No. 13/937162 (Patent No. 9,121,069, and Israeli Divisional Patent Application No. 233261 |
| **4. 06/MED/225**<br><br>Diagnostic Method | US Provisional Patent Application No. 60/847499, Chinese Patent Application No. 200710096976.3 (Patent No. ZL200710096976.3), Taiwanese Patent Application No. 096114234 (Patent No. I335354), US Patent Application No. 11/861809, PCT Application No. PCT/GB2007/003674, Hong Kong Patent Application No. 08104936.1 (Patent No. HK1115167), and US Divisional Patent Application No. 14/284724 |

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| **5. 09/MED/328**<br><br>Methods for Assessing Liver Pathologies | US Provisional Patent Application No. 61/241709, US Patent Application No. 12/879600 (Patent No. 9051614), PCT Application No. PCT/EP2010/063300, Taiwanese Patent Application No. 099130809, China Patent Application No. 201080049558.9 (Patent No. ZL201080049558.9), European Patent Application No. 100754316.7, Australian Patent Application No. 2010294193 (Patent No. 2010294193), Japanese Patent Application No. 2012-528369, US Divisional Patent Application No. 14/703689, and Japanese Divisional Application No. 2015-208694 |
| **6. 12/MED/461**<br><br>Size-based analysis of fetal DNA fraction in maternal plasma | US Provisional Patent Application No. 61/608623, US Provisional Patent Application No. 61/621451, US Patent Application No. 13/789553, PCT Patent Application No. PCT/182013/00312, Australian Patent Application No. 2013229186, Chinese Patent Application No. 201380013054.5, Canadian Patent Application No. 2865523, European Patent Application No. 13757943.9, European Divisional Patent Application No. 14193706.0, Japanese Patent Application No. 2014-560451, Hong Kong Patent Application No. 15100609.6, Hong Kong Patent Application No. 15102503.9, and Hong Kong Patent Application No. 15106797.5 |
| **7. 14/MED/540**<br><br>Size-based analysis of fetal DNA fraction in maternal plasma | US Provisional Patent Application No. 62/026330, US Provisional Patent Application No. 62/158466, US Provisional Patent Application No. 62/183669, US Patent Application No. 14/803692, PCT Patent Application No. PCT/CN2015/084442, and Taiwanese Patent Application No. 104123505 |
| **8. 14/MED/581**<br><br>Using size and number aberrations in plasma DNA for detecting cancer | US Provisional Patent Application No. 62/102867, US Provisional Patent Application No. 62/111534, US Patent Application No. 14/994053, PCT Application No. PCT/CN2016/070785, and Taiwanese Patent Application No. (to be assigned) |
| **9. 14/MED/589**<br><br>Applications of plasma mitochondrial DNA analysis | US Provisional Patent Application No. 62/111524, US Patent Application No. 14/993954, PCT Application No. PCT/CN2016/070786, and Taiwanese Patent Application No. (to be assigned) |
| **10. 15/MED/606**<br><br>Detecting cancer | US Provisional Patent Application No. 62/114471, and US Provisional Patent Application No. 62/271196 |
| **11. 15/MED/608**<br><br>Circulating DNA fragmentation patterns | US Provisional Patent Application No. 62/196250 |

**SCHEDULE 3**

MILESTONES

Milestone 1:

[***]

Milestone 2:

[***]

AMENDMENT NO. 1

TO LICENCE AGREEMENT

This Amendment No. 1 to the Licence Agreement (this "**Amendment**") effective as of May 29, 2017 (the "Amendment Date"), is entered into between The Chinese University of Hong Kong, a university established by legislation in the Hong Kong Special Administrative Region ("**Hong Kong SAR**") located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined in the Agreement ("**University**"), and Cirina Limited, a limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**"). The University and Licensee are referred to in this Amendment as the "**Parties**" and individually as the "**Party**".

WHEREAS, the Parties previously entered into that certain Licence Agreement dated as of April 7, 2016 with Agreement No. TC1510006 (the "Agreement");

WHEREAS, the Parties wish to amend the Agreement in certain respects on the terms and conditions set forth herein.

NOW THEREFORE, capitalized terms not defined in this Amendment shall have the meaning ascribed in the Agreement, and the Parties hereby agree as follows:

1. Clause 1.11. Clause 1.11 of the Agreement is hereby amended and restated in its entirety as follows:

1.11 **"Net Sales Value"** means, with respect to any Licensed Product, the gross sales price of such Licensed Product invoiced by Licensee, its Affiliate and/or its Sub-Licensee to customers who are not Affiliates (or are Affiliates but are the end users of such Licensed Product) less, to the extent actually paid or accrued by Licensee, its Affiliate and/or its Sub Licensee (as applicable), (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers for nonconforming, damaged, out-dated and returned Licensed Product; (b) freight and insurance costs; (c) cash, quantity and trade discounts, rebates and other price reductions for such Licensed Product given to such customers under price reduction programs; (d) sales, use, value-added and other direct taxes incurred on the sale of such Licensed Product to such customers; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Licensed Product to such customers; (f) sales commissions incurred on the sale of such Licensed Product to such customers; and (g) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles. For avoidance of doubt, any consideration or royalties received from Sub-Licensee(s) are excluded. If a Licensed Product consists of components that are covered by valid claim of a Prospective Patent within the Invention (a "**Covered Component**") and components that are not covered by a Valid Claim ("**Other Components**"), then Net Sales for such Licensed Products shall be multiplied by the fraction A/(A+B), where A is the value of the Covered Component(s) as reasonably determined by Licensee, and B is the value of the Other Component(s) as reasonably determined by Licensee, and such resulting amount shall be the "Net Sales Value" for purposes of the Royalties and Sub-License Royalties calculations in Clauses 5.1.2 and 5.3.1, respectively, for such Licensed Product.

2. Clause 2.1. Clause 2.1 of the Agreement is hereby amended by adding the following clause immediately after the use of "non-transferable" in the first sentence: "(except as provided in Paragraph 16 of the T&C's)".

3. Clause 4.1.1. Clause 4.1.1 of the Agreement is hereby amended and restated in its entirety as follows:

4.1.1 a sub-license may allow for further sublicensing through multiple tiers.

4. Clause 7. Clause 7 of the Agreement is hereby amended and restated in its entirety as follows:

7 Milestones

Licensee agrees to use commercially reasonable efforts to meet the milestones as detailed in Schedule 3. In the event that Licensee does not use commercially reasonable efforts to meet any of

the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

5. Clause 8.2. Clause 8.2 of the Agreement is hereby amended by adding the following sentence immediately after the end of Clause 8.2: "University represents and warrants that (a) it solely owns the patent applications set forth in Schedule 2 and has obtained all rights from the inventors of the inventions claimed in such patent applications, (b) it has the right to grant the licence to the Licensee as granted under the Agreement, and (c) it has not granted any rights under the patent applications set forth in Schedule 2 to a third party except rights in the prenatal field and an internal research licence (with no commercialization rights) to [***], as identified in Clause 2.4.3".

6. Paragraph 2.10 of T&C's. Paragraph 2.10 of the T&C's is hereby amended by adding the following sentence immediately after the end of Paragraph 2.10: "For clarity, Licensee's obligations to keep the Invention confidential do not apply to the extent Licensee, its Affiliate or Sub-Licensee discloses the Invention or any portion of the Invention for purposes of obtaining regulatory approval for the Licensed Products, securing intellectual property on the Licensed Products or commercializing the Licensed Products".

7. Paragraph 8.4 of T&C's. Paragraph 8.4 of the T&C's is deleted.

8. Miscellaneous. This Amendment shall be effective for all purposes as of the Amendment Date. Except as expressly modified herein, the Agreement shall continue to remain in full force and effect in accordance with its term s. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and together shall be deemed to be one and the same document.

IN WITNESS WHEREOF, this Amendment has been entered into on the Amendment Date.

| | | | |
|---|---|---|---|
| Signed by | Prof. Walter K K HO | ) | |
| Name: | Director, Office of Research and | ) | |
| Title: | Knowledge Transfer Services | ) | |
| | The Chinese University of Hong Kong | ) | |
| for and on behalf of | | ) | /s/Walter K K HO |
| **THE CHINESE UNIVERSITY OF HONG KONG** | | ) | |
| In the presence of: | Leung Kit Man | ) | /s/Leung Kit Man |

| | | | |
|---|---|---|---|
| Signed by | | ) | |
| Name: | Maneesh Jain | ) | |
| Title: | CEO | ) | |
| | | ) | |
| for and on behalf of | | ) | /s/Maneesh Jain |
| **CIRINA LIMITED** | | ) | |
| In the presence of: | Angela Wu | ) | /s/Angela Wu |

**Exhibit 10.19**

**Certain information has been excluded from this agreement (indicated by "[***]") because such information is both (a) not material and (b) is the type that the registrant customarily and actually treats as private or confidential.**

DATED 29 May 2017

**(1) THE CHINESE UNIVERSITY OF HONG KONG**

and

**(2) CIRINA LIMITED**

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# LICENCE AGREEMENT

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**THIS LICENCE AGREEMENT** ("Agreement") is dated this 29th day of *May* 2017

**BETWEEN:**

(1) **The Chinese University of Hong Kong,** a university established by legislation in the Hong Kong Special Administrative Region ("**Hong Kong SAR**") located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined herein ("**University**")**;** and

(2) **Cirina Limited,** a limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**");

who together in this Agreement are referred to as the **"Parties"** and individually as the **"Party".**

**WHEREAS:**

(A) University and Licensee have signed a Collaborative Research Agreement (No.TC1611052) made as of 31 July 2016 to perform certain research work. The Invention (as defined below) within University Docket No. 16/MED/740 was then invented by Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of University and his research team and Licensee's research team.

(B) Pursuant to the terms of the Collaborative Research Agreement, University and Licensee co-own the Invention and the underlying Proprietary IPR (as defined below) therein.

(C) University and Licensee now agree to enter into this definitive agreement with regard to Licensee's exclusive licence to use University's share of the Invention and the Proprietary IPR therein in accordance with the provisions of this Agreement.

**IT IS HEREBY AGREED as follows:**

**1 Definitions**

In this Agreement, unless the context clearly otherwise requires, the following words and expressions shall have the following meanings and all defined terms shall apply to their singular and plural forms, as applicable: "Including" means 'including without limitation'. "H/herein," "hereof", "hereunder" or similar expressions refer to this Agreement. "Clause" means the referenced clause in this Agreement.

**1.1 "Affiliate"** means any legal entity of which Licensee owns, directly or indirectly, 10% or more shareholdings.

**1.2 "Commencement Date"** means the date of commencement of the licence as referred to in Clause 3.1.

**1.3 "Effective Date"** means the date first written above of which this Agreement becomes effective.

**1.4 "Expenses"** means all costs and expenses incurred for processing, defending from invalidation attacks or maintaining any of the Prospective Patent (as defined below) in a designated Patent Jurisdiction (as defined below) and includes those costs and expenses referred to in Clause 8 as payable by Licensee.

**1.5 "Information"** means information relating to the Invention and any other technical information of University and any technical or business information of Licensee.

**1.6 "Intellectual Property Rights"** or **"IPR"** means any rights including but not limited to patents, know-how, confidential information, trade secret, industrial design, copyrights,

trademarks, service marks, trade names, logos and the goodwill associated therewith and all rights or forms of protection having equivalent or similar effect (whether registered, unregistered or not capable of being registered) which may subsist anywhere in the world.

**1.7 "Invention"** means the invention disclosures and patent applications which were co-invented by Research Team and Licensee's research team and co-owned by University prior to the Commencement Date as listed in Schedule 2 hereto, and all Proprietary IPR and the Prospective Patent.

**1.8 "Licence Issue Fee"** means the consideration to be paid by Licensee to University in accordance with Clause 5.1.1 of this Agreement.

**1.9 "Licensed Field of Use"** means all fields.

**1.10 "Licensed Product"** means any product, service or process embodying, applying, adopting, using or otherwise utilizing the Invention or any part(s) thereof that is developed or produced by Licensee, its Affiliate and/or its Sub-licensee, in the Licensed Field of Use, in each case, of which the manufacture, use, practice, sale, offer for sale, or importation, exportation, disposal or exploitation would constitute, but for the licence University grants to Licensee under this Agreement, an infringement of any valid claim of a Prospective Patent within the Invention in a country in which such activity is conducted or in which such product is sold.

**1.11 "Net Sales Value"** means, with respect to any Licensed Product, the gross sales price of such Licensed Product invoiced by Licensee, its Affiliate and/or its Sub-Licensee to customers who are not Affiliates (or are Affiliates but are the end users of such Licensed Product) less, to the extent actually paid or accrued by Licensee, its Affiliate and/or its Sub-Licensee (as applicable), (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers for nonconforming, damaged, out-dated and returned Licensed Product; (b) freight and insurance costs; (c) cash, quantity and trade discounts, rebates and other price reductions for such Licensed Product given to such customers under price reduction programs; (d) sales, use, value-added and other direct taxes incurred on the sale of such Licensed Product to such customers; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Licensed Product to such customers; (f) sales commissions incurred on the sale of such Licensed Product to such customers; and (g) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles. For avoidance of doubt, any consideration or royalties received from Sub-Licensee(s) are excluded. If a Licensed Product consists of components that are covered by valid claim of a Prospective Patent within the Invention (a "**Covered Component**") and components that are not covered by a Valid Claim ("**Other Components**"), then Net Sales for such Licensed Products shall be multiplied by the fraction A/(A+B), where A is the value of the Covered Component(s) as reasonably determined by Licensee, and 8 is the value of the Other Component(s) as reasonably determined by Licensee, and such resulting amount shall be the "Net Sales Value" for purposes of the Royalties and Sub-License Royalties calculations in Clauses 5.1.2 and 5.3.1, respectively, for such Licensed Product.

**1.12 "Patent Jurisdiction"** means convention country and/or region in which the Prospective Patent has been filed or granted or to be filed or granted and for which the application, prosecution, defence from Invalidation attacks and maintenance will be made at the Licensee's expense.

**1.13 "Proprietary IPR"** means any and all underlying Intellectual Property Rights subsisting in the Invention listed in Schedule 2.

**1.14 "Prospective Patent"** means any and all patents and patent applications specified in Schedule 2 or included in the Proprietary IPR, including any patents or patent applications that claim common priority therewith or are grants, divisions, continuations, continuations-in-part, reissues, re-examinations and extensions of all such patents claiming priority therefrom (and any reference to "Prospective Patent" shall include any and all of them) as well as renewals thereof.

**1.15 "Research Team"** means Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of The Chinese University of Hong Kong and his research team.

**1.16 "Samples"** means human patient samples provided to the Licensee.

**1.17 "Standard Terms and Conditions"** or **"T&C's"** means the terms and conditions set forth in Schedule 1 hereto.

**1.18 "Sub-License Income"** means all one-time payments, net of any relevant tax, duties or similar government levies, which shall be non-recurring in nature as actually received by Licensee from Sub-Licensee(s) under any sub-licence(s) granted by Licensee to Sub-Licensee(s), including without limitation any up-front payments and milestone payments to be made by SubLicensee(s) to Licensee under any such sub-licence(s,) in each case to the extent such amounts are received in consideration of the grant of a sublicense to the Invention, but excluding any amounts received by Licensee that are (a) Sub-License Royalties payable under Clause 5.3.2, (b) based on sales of Licensed Products, (c) loans, (d) paid for equity or securities (or rights to acquire equity or securities) to the extent not in excess of fair market value, (e) paid for supply of products or materials provided at cost or in kind exchange, and (f) reimbursements of costs and expenses incurred by Licensee, including for patent-related expenses or costs incurred in performing research, development and/or services thereunder.

**1.19 "Sub-Licensee"** means a sub-licensee, other than an Affiliate, who has a valid and subsisting licence granted to it by Licensee for the exploitation of the Licensed Product. For the avoidance of doubt, Sub-Licensee shall not be an Affiliate of Licensee.

**1.20 "Term"** means the term of licence as defined in Clause 3.1.

**1.21** "**Territory**" means worldwide.

**2 Grant of Licence**

**2.1** Subject to Clause 2.4 below, University hereby grants to Licensee, for the Term and subject to the provisions of this Agreement, an exclusive and non-transferable (except as provided in Paragraph 16 of the T&C's) licence for the 50% share of Invention owned by University, with the right to sub-license, subject to Clause 4, to apply, use and exploit the use of the Invention and to make, authorize the making of, process, supply, sell, offer to sell, lease, otherwise commercially dispose of, import, have imported, export, or otherwise exploit in any manner the products and services in the Licensed Field of Use within the Territory. For avoidance of doubt, all payments payable by Licensee to University under this Agreement are in respect of the 50% share of Invention owned by the University. The Licensee shall be entitled to obtain Samples worldwide, including from the Territory. Licensee shall solely be responsible for the safety and quality of the Licensed Product in accordance with the applicable laws, rules and regulations.

**2.2** All improvements, modifications or alterations to the Licensed Product made or developed during the Term by University in the Licensed Field of Use, including any related patents and scientific or technical information, know-how or trade secrets, shall be, automatically, deemed subject to this Agreement and shall be included within the definition of Proprietary IPR. University shall, from time to time, promptly disclose to Licensee all such improvements, modifications or alterations.

**2.3** This grant of licence under Clause 2.1 can be extended to any Licensee's Affiliate so long as (i) such Affiliate remains as an Affiliate of Licensee as defined in Clause 1.1; and (ii) Licensee notifies University forthwith of any termination and potential termination of such relationship. Licensee shall remain fully responsible for any act done and omission on the part of Affiliate arising from or in connection with this Agreement. Licensee shall be responsible for any breach by Affiliate of the Agreement as if the breach had been that of Licensee under the Agreement. Licensee shall indemnify University and keep University harmless from and against any loss, damage, costs, expenses, demands and claims incurred or suffered by University in accordance with Paragraph 5 of the T&C's.

**2.4** Licensee and University both acknowledge and agree that the grant of exclusive right to Licensee under this Agreement shall be subject to the followings:

**2.4.1** University's academic rights to use the Invention, the Prospective Patent and related technology in the Territory solely for its own internal (non-commercial) research and educational purposes at all times without accounting to Licensee; and

**2.4.2** Governmental contractual obligations of University (if any) to the extent any government funding was used in support of the Invention and Prospective Patent;

**2.5** University shall promptly, if requested by Licensee, execute and file applications (in the prescribed form) to register or provide notice to the relevant patents administrators of the transaction contemplated by this Agreement in accordance with relevant laws or regulations, provided that the Licensee:

**2.5.1** shall, together with each request made to University, provide to University a duly executed irrevocable power of attorney in favour of University pursuant to relevant laws or regulations, to enable University to remove such registration or notice to the relevant patents administration promptly upon the expiration or early termination of the licence granted in this Agreement or any part of it, or upon the abandonment by Licensee of any Prospective Patent under Clause 8.5;

**2.5.2** shall bear all costs and expenses in connection with the requested registration or notice, as well as the removal of such registration or notice, including but not limited to University's expenses In consulting its own professional advisers about Licensee's request and attending to the filing and removal of the registration or notice.

**3 Term of Licence**

**3.1** This Agreement shall become effective on the Effective Date. The licence granted under Clause 2.1 shall be effective and commence from the date of University's receipt of full payment of the Licence Issue Fee under Clause 5.1.1 (**"Commencement Date"**). This Agreement and the licence shall expire concurrently with the last-to-expire Prospective Patent or on the 20th anniversary of the Commencement Date, whichever is the later, unless terminated earlier under the terms of this Agreement (the **"Term**")**.**

**3.2** In the event that Licensee fails to make full payment of the Licence Issue Fee within the prescribed period under Clause 5.1.1, this Agreement shall be automatically terminated on the expiry of the prescribed period under Clause 5.1.1. University shall not be required to refund any part of the Licence Issue Fee paid by Licensee prior to such termination and Licensee shall not be required to make further payment of the Licence Issue Fee.

**4 Sub-Licensee**

**4.1** For the Licence granted in Clause 2.1, Licensee shall be entitled to grant and authorize sublicences of its rights thereunder to any person or entity subject to the terms of this Agreement. However, Licensee shall ensure that each sub-licence shall include obligations on the SubLicensee at least as restrictive as the obligations imposed on Licensee under this Agreement, excluding any economic term, which may be freely negotiated between the Licensee and SubLicensee, and a sub-license may allow for further sublicensing through multiple tiers.

**4.2** The sub-license granted to Sub-Licensee shall be terminated by Licensee if Sub-Licensee directly or indirectly, during the term of the sub-licence or thereafter challenges the ownership and/or any rights of University in the Invention, Including any Proprietary IPR in respect of the Invention, the Prospective Patent, and the validity thereof.

**4.3** Within thirty (30) days of the grant of any sub-licence, the Licensee shall provide to University a true copy of the executed sub-licence agreement, provided that Licensee may redact such agreement to exclude the financial terms thereof and may provide only those provisions that are reasonably related to the Licensee's obligations to University pursuant to this Agreement.

**4.4** All sub-licences granted to a Sub-Licensee shall terminate automatically on the expiration or early termination of this Agreement for any reason; provided, however that sub-licenses granted to a Sub-Licensee shall survive if the relevant Sub-Licensee agrees in writing to be bound by the terms of this Agreement as such terms apply to such Sub-Licensee (in which event such Sub-Licensee shall be deemed a direct licensee of University); provided that such Sub-Licensee shall only be responsible for any payments that become due as a result solely of such Sub-Licensee's activities after the effective date of any such termination.

**4.5** The Licensee remains fully liable to pay to University all Royalties due from the Sub-Licensee, without prejudice to the right of University to seek indemnity from Licensee in accordance with Paragraph 5 of the T&C's.

**4.6** In the event that a Sub-Licensee commits a material breach of any of its other obligations under the sub-licence agreement (the **"Defaulting Sub-Licensee")**, Licensee shall use commercially reasonable efforts to enforce the terms of the relevant sub-licence agreement against the Defaulting Sub-Licensee. lf the Defaulting Sub-Licensee's material breach continues for thirty (30) days after University's written notice to Licensee, and if Licensee does not within thirty (30) days after University's written notice to Licensee (or such longer period as University in its sole discretion may grant taking into consideration the nature and seriousness of the Defaulting SubLicensee's material breach on a case by case basis), provide evidence to satisfy University that Licensee has taken legally reasonable action under the circumstances to remedy the Defaulting Sub-Licensee's breach (possibly including, without limitation, commencement of legal proceedings by Licensee against the Defaulting Sub-Licensee to enforce the terms of the sublicence agreement, or the provision of legal advice, obtained at Licensee's expense from counsel of its choosing, and reasonably acceptable to University, indicating that Licensee has taken legally reasonable action to deal with the Defaulting Sub-Licensee's

breach) then unless expressly agreed to in writing by University and only if such material breach by such SubLicensee has a material adverse effect on University, the sub-licence granted to Sub-Licensee shall be terminated by Licensee. In any event, Licensee shall indemnify University against all third party claims, demands, actions, suits, damages, penalties, liabilities, judgments, costs (including legal costs and attorney charges) and expenses assessed against or incurred by University as a result of the breach by the Defaulting Sub-Licensee, even if the relevant sublicence is terminated by Licensee, in accordance with Paragraph 5 of the T&C's.

**5 Payments**

**5.1** In consideration of the granting of Licence by University under Clause 2.1, Licensee shall pay to University:

**5.1.1** An upfront, non-refundable and non-recoupable licence issue fee of HK Dollars [***] (the **"Licence Issue Fee**"), payable within one hundred and eighty (180) days from the Effective Date of this Agreement. However, if the Licence Issue Fee is not paid in its entirety within the aforesaid period, Licensee is deemed to have reverted the licence back to University and is no longer required to pay University any outstanding payment under this Agreement; and

**5.1.2** Subject to Clause 5.5, the royalty at [***] percent of Net Sales Value, in respect of each application, use, process, supply and/or sale of Licensed Product by Licensee and/or its Affiliate during the Term (the **"Royalties**"), other than any SubLicense Income and Sub-License Royalties (as defined in Clause 5.3.2); provided that if, in any calendar quarter(s), Licensee is obligated to pay University royalties on sales of products (including Licensed Product) under Licence Agreement No. TC1510006 dated 7th April 2016 signed between the Parties or any other agreement, then no Royalties shall be due on sales of such Licensed Product in such calendar quarter(s).

**5.2** For the avoidance of doubt,

**5.3.1** the Royalties and Minimum Guarantees (as defined in Clause 5.4) shall be payable by the Licensee to University in accordance with the terms of this Agreement throughout the Term in respect of the Net Sales Value received for the production, distribution, sale and/or use of the Licensed Product anywhere in the Territory.

**5.3.2** Licensee has to pay the Minimum Guarantees in accordance with Clauses 5.4 and 5.5 herein regardless of the status of any individual Prospective Patent. Licensee's obligation to pay Minimum Guarantees is not abated by the occurrence of any event, including but not limited to the expiry or invalidation of any issued patent or any claim therein, the unsuccessful application of any patent application, or the abandonment of any Prospective Patent by Licensee under Clause 8.5 of this Agreement.

**5.3.3** The Royalties, Minimum Guarantees and Sub-License Royalties (as defined in Clause 5.3.2) must be paid in full in accordance with the provisions in Clause 5 of this Agreement. Royalties shall be paid semi-annually, and shall be in arrears ninety (90) days after the last day of June and December in each year in accordance with Clause 6.1.

**5.3** In the case of sub-licence, Licensee agrees to pay University:

**5.3.1** [***] percent of Sub-License Income; and

**5.3.2** [***] percent of Net Sales Value (the **"Sub-License Royalties**") received by such Sub-Licensee for the Licensed Products, net of any relevant tax, duties or similar government levies, excluding any up-front payments and milestone payments to be made by the Sub-Licensee(s) to Licensee under any such sublicence(s), provided that if, in any calendar quarter(s), Licensee is obliged to pay University Sub-License Royalties on sales of products (including Licensed Product) under any other agreement, then no Sub-License Royalty shall be due on sales of such Licensed Product in such calendar quarter(s).

**5.4** Licensee agrees to pay to University fixed sums of minimum annual royalties, subject to Clause 5.5, (the "**Minimum Guarantees**"), irrespective of whether or not Net Sales Value is generated, in advance for each year during the Term commencing on 2nd January 2018 ("**Minimum Guarantee Year**") as follows:

| Payment Date | Minimum Guarantee for the year |
|---|---|
| 2nd January 2018 | HK$[***] |
| 2nd January for each and every succeeding Minimum Guarantee Year | HK$[***] |

**5.5** During each Minimum Guarantee Year, Licensee shall pay University for such year the higher of the applicable (i) Minimum Guarantees, or (ii) actual Royalties and Sub-License Royalties.

**5.6** Licensee shall continue to pay Royalties, and Sub-License Royalties in accordance with Clauses 5.1.2 and 5.3.2 above for as long as Net Sales Value is received by Licensee, Affiliates or Sub-Licensee(s) (respectively), and Sub-License Income is received by Licensee.

**5.7** If a court of competent jurisdiction in a particular territory, by a final decision of a court from which no further appeal or reconsideration can be taken, holds invalid any Prospective Patent or all of the relevant patent claims within a Prospective Patent, Licensee's obligation to pay Royalties corresponding to the Licensed Product(s) which is(are) covered solely by that patent or those claims, will cease as of the date of such decision in that jurisdiction and such territory will be excluded from the Territory as defined in Clause 1.21 insofar as the relevant Prospective Patent is concerned. Licensee, however, shall pay Royalties that accrued before that decision or that are based on all other patents or claims not involved in that decision. For the avoidance of doubt, if for a particular product any claim of a Prospective Patent is valid and covers that product, licensee's obligation to pay Royalties shall not cease. If for a particular product, no claim of any Prospective Patent is valid that covers that product, licensee's obligation to pay Royalties for that product in that jurisdiction shall cease. When Licensee's obligation to pay Royalties in any jurisdiction within the Territory ceases in respect of a Prospective Patent that is finally declared invalid, this Agreement is deemed to have terminated by expiry in respect of that Prospective Patent in that jurisdiction.

**6 Commercialization Report and Accounting for and Payment of Royalties and Maintenance of Records**

**6.1** Licensee shall, within ninety (90) days after the last day of June, and December, send to University a commercialization report (which shall be the Information of Licensee) which comprises:

**6.1.1** a report for the preceding six (6) months period, except the first commercialization report as defined in Clause 6.2, to indicate development activities made, milestones achieved, activities performed towards the commercialization of the Invention, and

**6.1.2** statement specifying income, fees and royalties payable to University, which shall include the quantities of Licensed Product produced, sold and sales price of Licensed Product sold or otherwise disposed of, the number of sub-licences granted to SubLicensees that include the right to market and sell Licensed Products and details of income/fees/royalties received from any Sub-Licensees and a calculation showing the income, fees and royalties due, and the statement shall be accompanied by a bankers' draft for (i) any amount over and above the Minimum Guarantees paid in advance for that year under Clause 5.4; (ii) the Sub-License Royalties payable under Clause 5.3.2; and (iii) the Sub-License Income payable under Clause 5.3.1. There shall be no crosscollateralization, no accounts shall be offset and no other adjustment shall be made between the Licensed Products or between territories, areas or countries of the Territory unless provided otherwise in this Agreement.

**6.2** The first commercialization report shall cover the period from Commencement Date to 31st December 2017. Each subsequent commercialization report should cover a period of six (6) months as stipulated in Clause 6.1.

**6.3** Licensee also agrees to make and will cause its Sub-Licensees to make a written report to University within ninety (90) days after the date of termination or early termination of this Agreement, stating in such report the number, description and Net Sales Value of all Licensed Products produced, sold, or otherwise disposed of, and upon which royalties hereunder are payable but which were not previously reported to University.

**6.4** Licensee shall keep and will require its Sub-Licensees to keep during the Term and seven (7) years thereafter, records or accounts sufficient to enable accurate calculations of royalties due to University. University shall be entitled to appoint an independent auditor not employed by the University and reasonably acceptable to Licensee to determine the correctness of any royalty statement or royalties payable or paid hereunder. The cost of inspection by such auditor shall be borne by University unless the auditor's report indicates that Licensee has under-reported its sales of Licensed Product and/or receipt of fees/royalties from Sub-Licensees by more than five (5%) percent in which case Licensee shall bear the full cost of such audit. Such audit may only be conducted once per calendar year.

**7 Milestones**

Licensee agrees to use commercially reasonable efforts to meet the milestones as detailed in Schedule 3. In the event that Licensee does not use commercially reasonable efforts to meet any of the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

**8 Prospective Patent**

**8.1** Subject to Clause 8.5, Licensee confirms and agrees that from the Commencement Date, it shall assume financial responsibility, as set forth in Clause 8.3, and shall continue to be financially responsible for and control the prosecution, defence from invalidation attacks and maintenance of any and all Prospective Patent within the Territory.

**8.2** University has applied for patent applications set forth in Schedule 2. University represents and warrants that (a) it solely owns the patent applications set forth in Schedule 2 and has obtained all rights from the inventors of the inventions claimed in such patent applications, (b) it has the right to grant the licence to the Licensee as granted under the Agreement, and (c) it has not granted any rights under the patent applications set forth in Schedule 2 to a third party.

**8.3** Subject to Clause 8.1, Licensee agrees to (a) reimburse the University for all legal and government expenses to be incurred for the prosecution and maintenance of the Prospective Patent within the Invention within the Territory after the Commencement Date; and (b) pay for all costs and expenses involved in defending the relevant claims of the Prospective Patent from invalidation actions that may arise during the Term within the Territory. Said payments for undisputed amounts to be made to University within thirty (30) days upon presentation of invoice to Licensee. University shall cooperate with Licensee and join any enforcement action brought by Licensee at Licensee's request.

**8.4** University shall provide reasonable assistance to Licensee with respect to the prosecution, maintenance, and defence of the Prospective Patent. For avoidance of doubt, any patent applications and the subsequent grants, renewals, amendments or restorations of any patent or patent application listed in Schedule 2 that do not exist as of the Effective Date shall be treated as part of the Prospective Patent hereunder.

**8.5** Licensee may by at least ninety (90) days' advanced written notice terminate its financial responsibility for the expenses for the filing, prosecution, defence from invalidation attacks or maintenance of any of the Prospective Patent ("**Abandoned Patent**") in any of the Patent Jurisdiction ("**Abandoned Jurisdiction**"). The notice shall identify the Abandoned Patent, the Abandoned Jurisdiction and the date the termination is to take effect (which shall not be less than 90 days from the date of the service of the notice). The service of such notice on University shall constitute an irrevocable abandonment by Licensee of its licence hereunder in the Abandoned Patent, in the Abandoned Jurisdiction on the effective date stated in the said notice ("**Date of Abandonment**") and the Abandoned Jurisdiction shall be excluded from the definition of "Territory" in Clause 1.21 and the licence granted in Clause 2, in each case, solely with respect to the Abandoned Patent. Upon issuing the notice, and without prejudice to the Licensee's obligations for the Abandoned Patent that have accrued up to the Date of Abandonment, Licensee shall have no further obligation, rights or interests with respect to the Abandoned Patent as from the Date of Abandonment, and University shall have the option to continue or not to continue prosecution, defence from invalidation attacks or maintenance of the Abandoned Patent at its own expense. University shall use all reasonable efforts to prepare or amend any patent applications to include claims reasonably requested by Licensee to protect the Licensed Product(s) contemplated or procedures to be practiced under this Agreement.

**8.6** University shall give one hundred and twenty (120) days' notice to Licensee of any desire to cease prosecution or maintenance of a particular Proprietary IPR or Prospective Patent and, in such case, shall permit Licensee, at its sole discretion, to continue prosecution or maintenance at Licensee's own expense. If Licensee elects to continue prosecution or maintenance, University shall execute such documents and perform such acts, at Licensee's expense, as may be reasonably necessary to effect an assignment of such Proprietary IPR or Prospective Patent to Licensee. Any such assignment shall be completed in a timely manner to allow Licensee to continue such prosecution or maintenance. Any patents or patent applications so assigned shall not be considered Proprietary IPR or Prospective Patent for all purposes under this Agreement.

**9 Patent Infringement**

**9.1** If either Party learns of the infringement of a Prospective Patent, in any jurisdiction within the Territory, it shall so inform the other Party in writing, including any evidence of such infringement. University may not notify a third party of the infringement of a Prospective Patent, save for its legal advisers, without first obtaining written consent of Licensee, which consent shall not be unreasonably denied or delayed. Both Parties shall use their reasonable commercial efforts in cooperation with each other to terminate such infringement.

**9.2** Licensee shall have the sole right, but not the obligation, to institute, prosecute and control any action, suit or proceeding to enforce the Prospective Patent with respect to infringement of the Prospective Patent and to defend any declaratory judgment with respect thereto, in each case within the Territory ("Action"). University hereby agrees to assist and cooperate with Licensee, at Licensee's expense (including payment for University's expert's time, and other expenses so long as such expenses are properly documented), to enable Licensee to prosecute and maintain such Action. University's agreement to assist Licensee includes, at Licensee's reasonable request and when it is required by law, government regulation or court order, University's agreement to join or to procure its Affiliates to join as a nominal party to achieve sufficient legal standing for Licensee to prosecute and maintain such Action provided that, if University participates in the Action only as a nominal party, University shall have no responsibility (other than to join as a nominal party) nor be liable for any costs or expenses in relation to or arising from such Action. For clarity, such liabilities for costs or expenses shall be the responsibility of Licensee. If Licensee invites University or its Affiliates to take a more active role (other than as a nominal party) in an Action as a co-party, University shall have its sole discretion to decide joining or not and on terms to be agreed with Licensee on a case by case basis. Licensee shall have the right to settle any Action or consent to an adverse judgment thereto, in its sole discretion, except that Licensee may not settle such action by agreeing to the invalidation of a Prospective Patent or any claim therein without University's prior written consent. Any recovery obtained as a result of an Action, whether by judgment, award, decree or settlement, shall first be applied to reimbursement of Licensee's expenses in bringing such suit or proceeding (including any attorneys, expert and court fees), and the balance shall be considered to be Net Sales Value, and subject to the royalty payments at [***]% as set forth in Clause 5, and the remaining balance shall be recovered by Licensee as damages.

**9.3** Subject to Clause 9.2, if University commences or defends any suit or proceedings on its own account, University shall do so at its own expense. University shall have the right to settle any such action or consent to an adverse judgment thereto, in its sole discretion, except that University may not settle such action that may impair, damage or otherwise adversely affect the licence granted to Licensee under Clause 2.1, Licensee's use of such licence, any Licensed Product, or any of Licensee's rights/obligations hereunder, without Licensee's prior written consent, which consent may not be unreasonably withheld or delayed. Any recovery obtained as a result of such action, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance shall be distributed between University and Licensee at a ratio of 65:35 in all cases which do not result in a sub-licence to a third party. If a suit or proceedings result in a sub-licence to a third party, then any recovery, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance to be paid to Licensee, provided that such balance shall be shared between University and Licensee according to the provisions in Clause 5.3 herein.

**10 Notices and Payments**

**10.1** Any notices or communication given under this Agreement shall be in English, in writing and delivered by registered post, courier with package tracking capabilities, or by hand, to the Party at its postal address set out below or to such other address as may be notified in writing from time to time between the Parties. A notice or communication to University must specify the Agreement Number TC1711655 for identification. Any notices or communication given under this Agreement shall be deemed to be given at the time and date of receipted delivery to the relevant address.

To University: The Chinese University of Hong Kong
Room 301, Pi Ch'iu Building
Shatin, New Territories
Hong Kong SAR
Email:
Attn: Director, Office of Research and Knowledge Transfer Services

with a copy to: The Chinese University of Hong Kong
Shatin
New Territories
Hong Kong SAR
Attn: Professor Yuk Ming Dennis Lo
Department of Chemical Pathology

To Licensee: Cirina Limited
21st Floor, Edinburgh Tower
The Landmark, 15 Queen's Road,
Central, Hong Kong SAR
Attn: Dr. Yuk Ming Dennis Lo, Board Member

**10.2** All payments to be paid hereunder shall be made in reference to the Agreement Number TC1711655 for purpose of identification. All payments to University are to be made payable to "The Chinese University of Hong Kong", to be in Hong Kong Dollars and to be sent to the Director of Office of Research and Knowledge Transfer Services at the above address of University or by wire transfer to the following account:

| | |
|---|---|
| Account Name: | [***] |
| Account No.: | [***] |
| Swift Code: | [***] |
| Name of Bank: | [***] |

and shall be paid in full without any deductions, save for such tax as Licensee is legally bound to withhold, which amounts withheld shall be treated as if paid to University. Licensee shall provide reasonable assistance to University, free of charge, to recover any tax so withheld. If any currency conversion shall be required to make payment in a designated currency, such conversion shall be calculated using an exchange rate equal to the average of the applicable exchange rates published by the Wall Street Journal *(Internet Edition)* on the last day of each month for the four months preceding such payment.

**10.3** If any payment (save and except for the Licence Issue Fee) due from Licensee under this Agreement is paid late, the Licensee shall be liable to pay interest on the amount of the late payment. The rate of interest referred to in this Clause 10.3 will be the annual rate of 2% above the prime lending rate of the Hong Kong and Shanghai Banking Corporation (as at the due date for payment) and interest shall accrue from the due date for payment until the date of actual receipt of payment.

**11 Miscellaneous**

**11.1** "Clause" means clauses in the main part of this Agreement and "Paragraph" means paragraphs in the Standard Terms and Conditions in Schedule 1.

**11.2** Heading to clauses and paragraphs are for convenience only and have no legal effect.

**11.3** Words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or incorporate.

**11.4** Any schedule to this Agreement is part of it and reference to this Agreement includes reference thereto. In the event that there is any inconsistency between the Standard Terms and Conditions and the remainder of this Agreement, the latter shall prevail.

**11.5** Each Party agrees to maintain in confidence the other Party's Information and not use such Information for any purpose, or disclose such Information to any third party, other than as expressly provided hereunder. The terms of this Agreement shall be deemed Information of both Parties under this Agreement and there shall be no public disclosure except with prior mutual agreement, unless as provided for in this Clause. In the event that a Party is required to publicly disclose the terms of this Agreement by any law, applicable securities exchange, supervisory, regulatory or governmental body (including, but not limited to, China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong) to which any Party is subject to, the Party may disclose such term as reasonably necessary for the compliance of such court order, rule or regulation provided that the Party shall, where legally permissible, give prior written notice to the other Party and redact as much confidential information as is permitted under such rules and shall agree on all such redactions with the other Party prior to disclosure, except where such agreement may be precluded by advice of legal counsel of a Party. Licensee may disclose the terms of this Agreement to a Sub-Licensee or potential Sub-Licensee, so long as such disclosure is made under a confidentiality agreement. Each Party may disclose and use Information of the other Party only if and to the extent such disclosure and use is reasonably necessary in the following instances:

**11.5.1** filing or prosecuting Proprietary IPR and Prospective Patent as permitted by this Agreement;

**11.5.2** prosecuting or defending litigation as permitted by this Agreement;

**11.5.3** disclosure to third parties in connection with due diligence or similar investigations by such third parties, and disclosure to actual and potential third party investors or partners, collaborators, joint venturers, provided, in each case, that any such third party agrees to be bound by reasonable obligations of confidentiality and non-use;

**11.5.4** in connection with legal proceedings relating to this Agreement;

**11.5.5** in connection with the exercise of its rights under this Agreement; and

**11.5.6** to employees, agents, officers, directors, auditors, advisers, partners, consultants, permitted Sub-licensees, affiliates, sub-contractors requiring confidential information for the purposes of performance of this Agreement on a need to know basis.

**IN WITNESS WHEREOF** this Agreement has been entered into on the day and year first above written.

| | | |
|---|---|---|
| SIGNED by | ) | |
| Name: Prof. Walter K K HO | ) | |
| Title: Director, Office of Research and Knowledge Transfer Services | ) | |
| for and on behalf of | ) | /s/ Walter K K HO |
| **THE CHINESE UNIVERSITY OF HONG KONG** | ) | |
| in the presence of: Leung Kit Man | ) | /s/ Leung Kit Man |
| SIGNED by | ) | |
| Name: Maneesh JAIN | ) | |
| Title: CEO | ) | |
| for and on behalf of | ) | /s/Maneesh Jain |
| **CIRINA LIMITED** | ) | |
| in the presence of: Angela Wu | ) | /s/ Angela Wu |

**SCHEDULE 1**

STANDARD TERMS AND CONDITIONS (the "T&C's)

1. Ownership of Intellectual Property Rights

1.1 All rights, including Intellectual Property Rights, in the 50% share of the Invention owned by University not expressly granted to Licensee in this Agreement shall remain vested in University.

1.2 Licensee shall, at the request of University, execute any document necessary to effect University's title where applicable, to Intellectual Property Rights in the Invention.

1.3 ln the event that Licensee wishes to pursue intellectual property protection, including but not limited to patent application, for any Licensed Product, Licensee agrees to acknowledge, preserve and protect University's pre-existing Intellectual Property Rights, where applicable, in such Licensed Product.

2. Obligations of Licensee

2.1 Licensee is responsible for the quality and safety of its products.

2.2 Licensee shall use all reasonable efforts and diligence to exploit the Invention and to proceed with the development, manufacture and sale of Licensed Product and to use commercially reasonable efforts to develop markets for the Licensed Product.

2.3 Licensee will represent the Licensed Product fairly in comparison with competitive products from other suppliers.

2.4 Licensee shall not, on behalf of University, make any representations or give any warranties or guarantees in respect of the Proprietary IPR not expressly authorised in writing by University, provided that such authorization shall not be unreasonably delayed or withheld by University.

2.5 Licensee shall not market the Licensed Product under the name of University, and not in any way create any impression that University is the seller of the Licensed Product.

2.6 Licensee shall take all such steps as are reasonably necessary to protect Intellectual Property Rights in the Invention.

2.7 Licensee shall promptly inform University upon becoming aware of any illegal or unauthorised use of the Invention or any infringement of the Prospective Patent or Proprietary IPR and Intellectual Property Rights therein.

2.8 Licensee shall comply with all laws, regulations and governmental obligations that may from time to time be applicable to the making, use or sale of the Licensed Product in each part of the Territory.

2.9 As between Licensee and University and without limiting any responsibility of an Affiliate or SubLicensee, Licensee shall be solely responsible for any claims arising or alleged to arise from loss or injury to persons or property caused or suffered in the course of or as a consequence of the use of the Invention by Licensee, Affiliates and Sub-Licensees or the supply and sale of the Licensed Product by Licensee, Affiliates and Sub-Licensees except where such loss or injury are caused by the gross negligence or wilful misconduct of University.

2.10 Except as expressly set forth under this Agreement, Licensee shall use its best endeavours to keep the Invention confidential and not to reveal to any third party any confidential information of University regarding the Invention until after a non-disclosure agreement has been signed, provided that no such obligation shall apply to any information that has been publicly disclosed through no breach of this Agreement by Licensee, including by publication of the Inventions by the applicable governmental agency, was in the possession of Licensee prior to disclosure by University, is obtained by Licensee from a third party, or is independently developed by Licensee. For clarity, Licensee's obligations to keep the Invention confidential do not apply to the extent Licensee, its Affiliate or Sub-Licensee discloses the Invention or any portion of the Invention for purposes of obtaining regulatory approval for the Licensed Products, securing intellectual property on the Licensed Products or commercializing the Licensed Products.

2.11 To the extent prohibited by applicable law, Licensee shall not carry out any illegal, deceptive, or unethical practices, whether or not they are to the disparagement of the Invention, Licensed Product or University, or, subject to the foregoing in this Section 2.11, any other practices which may be detrimental to the Invention, Licensed Product, University or to the public interest.

3. Restriction On Use of Name

No right or licences are granted by University to the Licensee expressly or by implication to use the name or any trademark, service mark, trade name or symbol of The Chinese University of Hong Kong or any of its employees in any public relations activities or other activities or in connection with any Licensed Product manufactured, used, or sold by the Licensee, or as part of its corporate name or firm or trade name or for any other purpose without University's prior written consent. No right or licences are granted by Licensee to University expressly or by implication to use the name or any trademark, service mark, trade name or symbol of Licensee or any of its employees in any public relations activities or other activities or in connection with any Licensed Product or as part of its corporate name or firm or trade name or for any other purpose without Licensee's prior written consent.

4. Exclusion of Warranties

4.1 Except as expressly set forth under this Agreement, nothing in this Agreement shall be construed as a warranty or representation that anything made, used, sold, or otherwise disposed of under any licence granted in this Agreement is or will be free from infringement of any patent, copyright, trade mark or any other intellectual property right of any third party.

4.2 Except as expressly set forth in this Agreement, neither party makes any representations and extends no warranties of any kind, either express or implied. In particular, but without limitation, there are no express or implied warranties of merchantability or fitness for a particular purpose, or the operation of the Invention under the Prospective Patent will be uninterrupted or error-free or any defects in the Invention will be corrected.

4.3 University does not assume any responsibility for any exploitation, use or any product produced, developed and manufactured in accordance with the Invention or for the sale or use of the product processed, developed and manufactured by Licensee or its Sub-Licensees nor shall University be deemed to make or have made any warranties of any nature whatsoever with respect to the Invention or any product processed, developed and manufactured under this Agreement.

5. Indemnity

5.1 Licensee shall defend, indemnify and hold harmless University (including its officers, directors, employees) from any and all claims, demands, actions, suits, damages, penalties, liabilities, judgements, cost or expenses (including legal fees) assessed against or incurred by University as a result of any claim or threatened claim made by any third party against University relating to the use of or other exploitation by Licensee in connection with the manufacture, use, provision or sale of or any other dealing in the Invention or Licensed Product by Licensee, its Affiliates and its Sub-Licensee, including breach of sub-licence by a Defaulting Sub-Licensee as provided for in Clause 4.6 even if the relevant sub-licence is terminated by Licensee.

5.2 To be eligible to be indemnified hereunder, the indemnified Party shall provide the indemnifying Party with prompt notice of the third party claim giving rise to the indemnification obligation pursuant to this Paragraph 5 and the exclusive ability to defend (with the reasonable cooperation of the indemnified Party) or settle any such claim. The indemnifying Party shall have no obligations with respect to any losses resulting from the indemnified Party's admission, settlement or other communication without the prior written consent of the indemnifying Party.

6. Limitation of liability

6.1 Except for liabilities arising from a Party's breach of its obligations of confidentiality, neither Party nor any of its Affiliates shall be liable to the other Party for any indirect, punitive or consequential damages or loss of profits, whether based on contract or tort, or arising under applicable law or otherwise. Except for liabilities arising from University of its obligations of confidentiality, University hereby excludes liability to Licensee and its Sub-Licensee for any and all losses or damage of any kind howsoever caused including losses of profits or other consequential or special losses arising from the use of or inability to use the Invention.

6.2 Without prejudice to Paragraph 6.1, University's liability to the Licensee for all losses or damage of any kind howsoever caused shall be limited to the aggregate total amount received by University from Licensee under this Agreement as at the date of such breach.

6.3 No action arising out of this Agreement may be brought by either Party more than one year after the cause of action has accrued and has come to the attention of the aggrieved.

7. Termination

7.1 The licences granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Paragraph 7 or relevant provisions of this Agreement, shall continue in force for the Term of Licence as detailed in Clause 3 and this Agreement and the licenses granted hereunder shall terminate automatically by expiry.

7.2 University shall be at liberty in every and any of the following events to terminate this Agreement in totality by written notice:

7.2.1 on failure by Licensee to meet the milestones as detailed in Schedule 3 which continues for at least thirty (30) days after University has given notices of that breach;

7.2.2 on failure by Licensee to make any undisputed payment to be paid hereunder for an aggregated amount not less than HK$ 100,000 (one hundred thousand) which continues for at least thirty (30) days after University has given written notice of that breach;

7.2.3 on any attempt by Licensee to assign or otherwise transfer any of its rights under this Agreement other than in accordance with the terms of this Agreement;

7.2.4 on cessation of Licensee's business relating to the exploitation of the Invention, unless such cessation is due to a permitted assignment or transfer of rights under this Agreement; or

7.2.5 if Licensee goes into liquidation (other than for the purposes of amalgamation or reconstruction) or if a receiver is appointed of its assets and undertaking or any part of them or any distress execution or other analogous process shall be issued against any property of Licensee, and such execution or process is not dismissed within 90 days.

7.3 Licensee may terminate this Agreement by serving upon University 3 months' notice in writing of its intention to terminate this Agreement.

7.4 Either Party may terminate this Agreement by written notice if the other Party commits a material breach of this Agreement which continues for at least sixty (60) days after the nondefaulting Party has given written notice of that breach and the required remedy.

8. Effect of Termination

8.1 Paragraphs 1, 3, 4, 5, 6, 8, 11, 12, 13, 14, 15, 16, and 17 of the T&C's and Clauses 1, 4.4, 10, and 11 of the main part of the Agreement shall remain in force following termination or expiration.

8.2 On termination, the licence granted pursuant to this Agreement and all rights of Licensee under it shall forthwith cease and terminate without prejudice to any right of either Party which may have accrued up to the date of termination or remedy to sue and recover for any sum then due and to the remedy of either Party in respect of any previous breach of any provision contained in the Agreement.

8.3 Within a reasonable period of time after expiration or termination of this Agreement or the licences granted hereunder, each Party undertakes to return to the other Party all Information and all copies thereof and information in any form containing or covering in any way any part of the Information in its possession and/or control or provide evidence of their destruction.

8.4 Licensee will pay up all fees, expenses and payments accrued and payable to University up to the date of termination.

9. Governmental Obligations

Upon request by University and at University's expense, Licensee agrees to take all reasonable action necessary on its part as licensee to allow University to satisfy its governmental obligations and other reporting requirements, if any, relating to the Invention and/or this Agreement.

10. Time and Force Majeure

10.1 Subject to any grace or cure periods and to the provisions of Paragraph 10.2 below, time shall be of the essence.

10.2 Neither Party shall be liable to the other for delay in performance of its obligations hereunder or deemed to be in breach of this Agreement due to causes beyond its control,

including but not limited to acts of God, disease outbreaks, fires, strikes, acts of war, terrorist acts, or intervention by any governmental authority, and each Party will take steps to minimize any such delay. If such an event occurs, the time set by this Agreement for performance of that obligation by the relevant Party will be extended for the period by which performance is prevented by the event PROVIDED THAT the other Party may terminate this Agreement by notice if such event continues for more than 180 days.

11. Severability

In the event that any provision or part of this Agreement is held to be invalid, illegal or otherwise unenforceable, this Agreement shall be deemed to be amended by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise to retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.

12. Waiver

No indulgence given by either Party to the other shall be deemed or construed as a waiver of its rights and remedies hereunder.

13. No Implied Partnership or Agency

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between the Parties and neither Party shall have the authority or power to bind the other Party or to contract in the name of and create a liability against the other Party.

14. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Hong Kong SAR, excluding conflict-of-law principles that would cause the application of the laws of any other jurisdiction.

15. Arbitration

15.1 The Parties shall attempt to resolve any dispute, controversy or claim (“Dispute”) arising out of or in connection with this Agreement between them amicably. In the event that the Parties are unable to resolve any Dispute amicably within a period of ninety (90) days from the date of a Party’s notice of such Dispute to the other Parties, such Dispute, including any dispute with respect to the validity or existence of this Agreement or any provision hereof, shall be settled by arbitration in Hong Kong under the Hong Kong International Arbitration Centre (“HKIAC”) Administered Arbitration Rules in force from time to time and as may be amended.

15.2 The number of arbitrators shall be three. Each Party shall be entitled to appoint one arbitrator. The third arbitrator shall be appointed by HKIAC. All arbitration proceedings shall be conducted in the English language.

15.3 The arbitration shall be final and binding upon the Parties.

Notwithstanding the foregoing, the Parties agree that each Party shall have the right to seek interim injunction or other interim or conservatory measures from any court of competent jurisdiction, and this shall not be deemed or construed as incompatible with, or operate as a waiver of, the foregoing agreement to arbitrate.

16. Assignment

Licensee shall not assign, mortgage, charge or otherwise transfer any rights and obligations under this Agreement (and any attempt to do so will be null and void), without the prior written consent of University, except that each Licensee may, without the prior written consent of University, assign or otherwise transfer this Agreement to a successor to all or substantially all of its assets or business that pertain to this Agreement, whether by merger, operation of law, sale, or otherwise, provided that such successor agrees in writing to be bound by the terms and conditions of this Agreement.

17. Entire Agreement

17.1 This Agreement, including its Schedules, constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, representative statements, negotiations and understandings concerning the subject matter of this Agreement and University hereby excludes any implied terms which may be excluded by contract to the maximum extent permissible under applicable law.

17.2 Amendments or changes to this Agreement must be in writing and signed by duly authorized representatives of the Parties.

**SCHEDULE 2**

DESCRIPTION OF INVENTION

| **University Ref No. / Disclosure Form Title** | **Prospective Patent** |
|---|---|
| **1. 16/MED/740** | US Provisional Patent Application No. 62/411,929 |
| **Methods and Systems for Tumor Detection** | |

**SCHEDULE 3**

MILESTONES

Refer to Schedule 3 of license agreement TC1510006.

**Exhibit 10.20**

**Certain information has been excluded from this agreement (indicated by "[***]") because such information is both (a) not material and (b) is the type that the registrant customarily and actually treats as private or confidential.**

DATED 29 May 2017

**(1) THE CHINESE UNIVERSITY OF HONG KONG**

**and**

**(2) CIRINA LIMITED**

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# LICENCE AGREEMENT

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**THIS LICENCE AGREEMENT** ("Agreement') is dated this 29th day of May 2017

**BETWEEN:**

(1) **The Chinese University of Hong Kong**, a university established by legislation in the Hong Kong Special Administrative Region ("**Hong Kong SAR**") located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined herein ("**University**"); and

(2) Cirina Limited, a limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 2181 Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**");

who together in this Agreement are referred to as the "**Parties**" and individually as the "**Party**"

**WHEREAS:**

(A)The Invention (as defined below) was invented by Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of University and his research team.

(B)University is the owner of the Invention within University Docket No. 16/MED/750 and the underlying Proprietary IPR (as defined below) therein.

(C)University and Licensee now agree to enter into this definitive agreement with regard to Licensee's exclusive licence to use the Inventions and the Proprietary IPR therein in accordance with the provisions of this Agreement.

**IT IS HEREBY AGREED as follows:**

**1 Definitions**

In this Agreement, unless the context clearly otherwise requires, the following words and expressions shall have the following meanings and all defined terms shall apply to their singular and plural forms, as applicable: "Including" means 'including without limitation'. "H/herein", "hereof" , "hereunder" or similar expressions refer to this Agreement. "Clause" means the referenced clause in this Agreement.

**1.1 "Affiliate"** means any legal entity of which Licensee owns, directly or indirectly, 10% or more shareholdings.

**1.2 "Commencement Date"** means the date of commencement of the licence as referred to in Clause 3.1.

**1.3 "Effective Date"** means the date first written above of which this Agreement becomes effective.

**1.4 "Expenses"** means all costs and expenses incurred for processing, defending from invalidation attacks or maintaining any of the Prospective Patent (as defined below) in a designated Patent Jurisdiction (as defined below) and includes those costs and expenses referred to in Clause 8 as payable by Licensee.

**1.5 "Information"** means information relating to the Invention and any other technical information of University and any technical or business information of Licensee.

**1.6 "Intellectual Property Rights"** or "**IPR**" means any rights including but not limited to patents, know-how, confidential information, trade secret, industrial design, copyrights, trademarks, service marks, trade names, logos and the goodwill associated therewith and all rights or forms of protection having equivalent or similar effect (whether registered, unregistered or not capable of being registered) which may subsist anywhere in the world.

**1.7 "Invention"** means the invention disclosures and patent applications which were invented by Research Team and owned by University prior to the Commencement Date as listed in Schedule 2 hereto, and all Proprietary IPR and the Prospective Patent.

**1.8 "Licence Issue Fee"** means the consideration to be paid by Licensee to University in accordance with Clause 5.1.1 of this Agreement.

**1.9 "Licensed Field of Use"** means all fields.

**1.10 "Licensed Product"** means any product, service or process embodying, applying, adopting, using or otherwise utilizing the Invention or any part(s) thereof that is developed or produced by Licensee, its Affiliate and/or its Sub-Licensee, in the Licensed Field of Use, in each case, of which the manufacture, use, practice, sale, offer for sale, or importation, exportation, disposal or exploitation would constitute, but for the licence University grants to Licensee under this Agreement, an infringement of any valid claim of a Prospective Patent within the Invention in a country in which such activity is conducted or in which such product is sold.

**1.11 "Net Sales Value"** means, with respect to any Licensed Product, the gross sales price of such Licensed Product invoiced by Licensee, its Affiliate and/or its Sub-Licensee to customers who are not Affiliates (or are Affiliates but are the end users of such Licensed Product) less, to the extent actually paid or accrued by Licensee, its Affiliate and/or its Sub-Licensee (as applicable), (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers for nonconforming, damaged, out-dated and returned Licensed Product; (b) freight and insurance costs; (c) cash, quantity and trade discounts, rebates and other price reductions for such Licensed Product given to such customers under price reduction programs; (d) sales, use, value-added and other direct taxes incurred on the sale of such Licensed Product to such customers; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Licensed Product to such customers; (f) sales commissions incurred on the sale of such Licensed Product to such customers; and (g) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles. For avoidance of doubt, any consideration or royalties received from Sub-Licensee(s) are excluded. If a Licensed Product consists of components that are covered by valid claim of a Prospective Patent within the Invention (a "**Covered Component**") and components that are not covered by a Valid Claim ("**Other Components**"), then Net Sales for such Licensed Products shall be multiplied by the fraction A/(A+B), where A is the value of the Covered Component(s) as reasonably determined by Licensee, and B is the value of the Other Component(s) as reasonably determined by Licensee, and such resulting amount shall be the "Net Sales Value" for purposes of the Royalties and Sub-License Royalties calculations in Clauses 5.1.2 and 5.3.1, respectively, for such Licensed Product.

**1.12 "Patent Jurisdiction"** means convention country and/or region in which the Prospective Patent has been filed or granted or to be filed or granted and for which the application, prosecution, defence from invalidation attacks and maintenance will be made at the Licensee's expense.

**1.13 "Proprietary IPR"** means any and all underlying Intellectual Property Rights subsisting in the Invention listed in Schedule 2.

**1.14 "Prospective Patent"** means any and all patents and patent applications specified in Schedule 2 or included in the Proprietary IPR, including any patents or patent applications that claim common priority therewith or are grants, divisions, continuations, continuations-inpart, reissues, re-examinations and extensions of all such patents claiming priority therefrom (and any reference to "Prospective Patent" shall include any and all of them) as well as renewals thereof.

**1.15 "Research Team"** means Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of The Chinese University of Hong Kong and his research team.

**1.16 "Samples"** means human patient samples provided to the Licensee.

**1.17 "Standard Terms and Conditions"** or "**T&C's**" means the terms and conditions set forth in Schedule 1 hereto.

**1.18 "Sub-License Income"** means all one-time payments, net of any relevant tax, duties or similar government levies, which shall be non-recurring in nature as actually received by Licensee from Sub-Licensee{s) under any sub-licence(s) granted by Licensee to SubLicensee(s), including without limitation any up-front payments and milestone payments to be made by Sub-Licensee(s) to Licensee under any such sub-licence(s), in each case to the extent such amounts are received in

consideration of the grant of a sublicense to the Invention, but excluding any amounts received by Licensee that are (a) Sub-License Royalties payable under Clause 5.3.2, (b) based on sales of Licensed Products, (c) loans, (d) paid for equity or securities (or rights to acquire equity or securities) to the extent not in excess of fair market value, (e) paid for supply of products or materials provided at cost or in kind exchange, and (f) reimbursements of costs and expenses incurred by Licensee, including for patent-related expenses or costs incurred in performing research, development and/or services thereunder.

**1.19 "Sub-Licensee"** means a sub-licensee, other than an Affiliate, who has a valid and subsisting licence granted to it by Licensee for the exploitation of the Licensed Product. For the avoidance of doubt, Sub-Licensee shall not be an Affiliate of Licensee.

**1.20 "Term"** means the term of licence as defined in Clause 3.1.

**1.21 "Territory"** means worldwide.

**2 Grant of Licence**

**2.1 Subject** to Clause 2.4 below, University hereby grants to Licensee, for the Term and subject to the provisions of this Agreement, an exclusive and non-transferable (except as provided in Paragraph 16 of the T&C's) licence for the Invention, with the right to sublicense, subject to Clause 4, to apply, use and exploit the use of the Invention and to make, authorize the making of, process, supply, sell, offer to sell, lease, otherwise commercially dispose of, import, have imported, export, or otherwise exploit in any manner the products and services in the Licensed Field of Use within the Territory. For avoidance of doubt, the Licensee shall be entitled to obtain Samples worldwide, including from the Territory. Licensee shall solely be responsible for the safety and quality of the Licensed Product in accordance with the applicable laws, rules and regulations.

**2.2** All improvements, modifications or alterations to the Licensed Product made or developed during the Term by University in the Licensed Field of Use, including any related patents and scientific or technical information, know-how or trade secrets, shall be, automatically, deemed subject to this Agreement and shall be included within the definition of Proprietary IPR. University shall, from time to time, promptly disclose to Licensee all such improvements, modifications or alterations.

**2.3** This grant of licence under Clause 2.1 can be extended to any Licensee's Affiliate so long as (i) such Affiliate remains as an Affiliate of Licensee as defined in Clause 1.1; and (ii) Licensee notifies University forthwith of any termination and potential termination of such relationship. Licensee shall remain fully responsible for any act done and omission on the part of Affiliate arising from or in connection with this Agreement. Licensee shall be responsible for any breach by Affiliate of the Agreement as if the breach had been that of Licensee under the Agreement. Licensee shall indemnify University and keep University harmless from and against any loss, damage, costs, expenses, demands and claims incurred or suffered by University in accordance with Paragraph 5 of the T&C's.

**2.4** Licensee and University both acknowledge and agree that the grant of exclusive right to Licensee under this Agreement shall be subject to the followings:

**2.5.1** University's academic rights to use the Invention, the Prospective Patent and related technology in the Territory solely for its own internal (non-commercial) research and educational purposes at all times without accounting to Licensee; and

**2.5.2** Governmental contractual obligations of University (if any) to the extent any government funding was used in support of the Invention and Prospective Patent.

**2.5** University shall promptly, if requested by Licensee, execute and file applications (in the prescribed form) to register or provide notice to the relevant patents administrators of the transaction contemplated by this Agreement in accordance with relevant laws or regulations, provided that the Licensee:

**2.5.1** shall, together with each request made to University, provide to University a duly executed irrevocable power of attorney in favour of University pursuant to relevant laws or

regulations, to enable University to remove such registration or notice to the relevant patents administration promptly upon the expiration or early termination of the licence granted in this Agreement or any part of it, or upon the abandonment by Licensee of any Prospective Patent under Clause 8.5; and

**2.5.2** shall bear all costs and expenses in connection with the requested registration or notice, as well as the removal of such registration or notice, including but not limited to University's expenses in consulting its own professional advisers about Licensee's request and attending to the filing and removal of the registration or notice.

**3 Term of Licence**

**3.1** This Agreement shall become effective on the Effective Date. The licence granted under Clause 2.1 shall be effective and commence from the date of University's receipt of full payment of the Licence Issue Fee under Clause 5.1.1 ("**Commencement Date**"). This Agreement and the licence shall expire concurrently with the last-to-expire Prospective Patent or on the 20th anniversary of the Commencement Date, whichever is the later, unless terminated earlier under the terms of this Agreement (the "**Term**").

**3.2** In the event that Licensee fails to make full payment of the Licence Issue Fee within the prescribed period under Clause 5.1.1, this Agreement shall be automatically terminated on the expiry of the prescribed period under Clause 5.1.1. University shall not be required to refund any part of the Licence Issue Fee paid by Licensee prior to such termination and Licensee shall not be required to make further payment of the Licence Issue Fee.

**4 Sub-Licensee**

**4.1** For the Licence granted in Clause 2.1, Licensee shall be entitled to grant and authorize sublicences of its rights thereunder to any person or entity subject to the terms of this Agreement. However, Licensee shall ensure that each sub-licence shall include obligations on the Sub-Licensee at least as restrictive as the obligations imposed on Licensee under this Agreement, excluding any economic term, which may be freely negotiated between the Licensee and Sub-Licensee, and a sub-license may allow for further sublicensing through multiple tiers.

**4.2** The sub-license granted to Sub-Licensee shall be terminated by Licensee if Sub-Licensee directly or indirectly, during the term of the sub-licence or thereafter challenges the ownership and/or any rights of University in the Invention, including any Proprietary IPR in respect of the Invention, the Prospective Patent, and the validity thereof.

**4.3** Within thirty (30) days of the grant of any sub-licence, the Licensee shall provide to University a true copy of the executed sub-licence agreement, provided that Licensee may redact such agreement to exclude the financial terms thereof and may provide only those provisions that are reasonably related to the Licensee's obligations to University pursuant to this Agreement.

**4.4** All sub-licences granted to a Sub-Licensee shall terminate automatically on the expiration or early termination of this Agreement for any reason; provided, however that sublicenses granted to a Sub-Licensee shall survive if the relevant Sub-Licensee agrees in writing to be bound by the terms of this Agreement as such terms apply to such Sub-Licensee (in which event such Sub-Licensee shall be deemed a direct licensee of University); provided that such Sub-Licensee shall only be responsible for any payments that become due as a result solely of such Sub-Licensee's activities after the effective date of any such termination.

**4.5** The Licensee remains fully liable to pay to University all Royalties due from the Sub Licensee, without prejudice to the right of University to seek indemnity from Licensee in accordance with Paragraph 5 of the T&C's.

**4.6** In the event that a Sub-Licensee commits a material breach of any of its other obligations under the sub-licence agreement (the "**Defaulting Sub-Licensee**"), Licensee shall use commercially reasonable efforts to enforce the terms of the relevant sub-licence agreement against the Defaulting Sub-Licensee. If the Defaulting Sub-Licensee's material breach continues for thirty (30) days after University's written notice to Licensee, and if Licensee does not within thirty (30) days

after University's written notice to Licensee (or such longer period as University in its sole discretion may grant taking into consideration the nature and seriousness of the Defaulting Sub-Licensee's material breach on a case by case basis), provide evidence to satisfy University that Licensee has taken legally reasonable action under the circumstances to remedy the Defaulting Sub-Licensee's breach (possibly including, without limitation, commencement of legal proceedings by Licensee against the Defaulting Sub-Licensee to enforce the terms of the sub-licence agreement, or the provision of legal advice, obtained at Licensee's expense from counsel of its choosing, and reasonably acceptable to University, indicating that Licensee has taken legally reasonable action to deal with the Defaulting Sub-Licensee's breach) then unless expressly agreed to in writing by University and only if such material breach by such Sub-Licensee has a material adverse effect on University, the sub-licence granted to Sub-Licensee shall be terminated by Licensee. In any event, Licensee shall indemnify University against all third party claims, demands, actions, suits, damages, penalties, liabilities, judgments, costs (including legal costs and attorney charges) and expenses assessed against or incurred by University as a result of the breach by the Defaulting Sub-Licensee, even if the relevant sub-licence is terminated by Licensee, in accordance with Paragraph 5 of the T&C's.

**5 Payments**

**5.1** In consideration of the granting of Licence by University under Clause 2.1, Licensee shall pay to University:

**5.1.1** An upfront, non-refundable and non-recoupable licence issue fee of HK Dollars [***] (the "**Licence Issue Fee**"), payable within one hundred and eighty (180) days from the Effective Date of this Agreement. However, if the Licence Issue Fee is not paid in its entirety within the aforesaid period, Licensee is deemed to have reverted the licence back to University and is no longer required to pay University any outstanding payment under this Agreement and

**5.1.2** Subject to Clause 5.5, the royalty at [***] percent of Net Sales Value, In respect of each application, use, process, supply and/or sale of Licensed Product by Licensee and/or its Affiliate during the Term (the "**Royalties**"), other than any Sub-License Income and Sub-License Royalties (as defined in Clause 5.3.2); provided that if, in any calendar quarter(s), Licensee is obligated to pay University royalties on sales of products (including Licensed Product) under Licence Agreement No. TC1510006 dated 7th April 2016 signed between the Parties or any other agreement, then no Royalties shall be due on sales of such Licensed Product in such calendar quarter(s).

**5.2** For the avoidance of doubt,

**5.2.1** the Royalties and Minimum Guarantees (as defined in Clause 5.4) shall be payable by the Licensee to University in accordance with the terms of this Agreement throughout the Term in respect of the Net Sales Value received for the production, distribution, sale and/or use of the Licensed Product anywhere in the Territory.

**5.2.2** Licensee has to pay the Minimum Guarantees in accordance with Clauses 5.4 and 5.5 herein regardless of the status of any individual Prospective Patent. Licensee's obligation to pay Minimum Guarantees is not abated by the occurrence of any event, including but not limited to the expiry or invalidation of any issued patent or any claim therein, the unsuccessful application of any patent application, or the abandonment of any Prospective Patent by Licensee under Clause 8.5 of this Agreement.

**5.2.3** The Royalties, Minimum Guarantees and Sub-License Royalties (as defined in Clause 5.3.2) must be paid in full in accordance with the provisions in Clause 5 of this Agreement. Royalties shall be paid semi-annually, and shall be in arrears ninety (90) days after the last day of June and December in each year In accordance with Clause 6.1.

**5.3** In the case of sub-licence, Licensee agrees to pay University:

**5.3.1** [***] percent of Sub-License Income: and

**5.3.2** [***] percent of Net Sales Value (the "**Sub-License Royalties**") received by such Sub-Licensee for the Licensed Products, net of any relevant tax, duties or similar government levies, excluding any up-front payments and milestone payments to be made by the Sub-Licensee(s) to Licensee under any such sublicence(s), provided that if, in any calendar quarter(s), Licensee is obliged to pay University Sub-License Royalties on sales of products (including Licensed Product) under any other agreement, then no Sub-License Royalty shall be due on sales of such Licensed Product in such calendar quarter(s).

**5.4** Licensee agrees to pay to University fixed sums of minimum annual royalties, subject to Clause 5.5, (the "**Minimum Guarantees**"), irrespective of whether or not Net Sales Value is generated, in advance for each year during the Term commencing on 2nd January 2018 ("**Minimum Guarantee Year**") as follows:-

| Payment Date | Minimum Guarantee for the year |
|---|---|
| 2nd January 2018 | HK$[***] |
| 2nd January for each and every succeeding Minimum Guarantee Year | HK$[***] |

**5.5** During each Minimum Guarantee Year, Licensee shall pay University for such year the higher of the applicable (i) Minimum Guarantees, or (ii) actual Royalties and Sub-License Royalties.

**5.6** Licensee shall continue to pay Royalties, and Sub-License Royalties in accordance with Clauses 5.1.2 and 5.3.2 above for as long as Net Sales Value is received by Licensee, Affiliates or Sub-Licensee(s) (respectively), and Sub-License Income is received by Licensee.

**5.7** If a court of competent jurisdiction in a particular territory, by a final decision of a court from which no further appeal or reconsideration can be taken, holds invalid any Prospective Patent or all of the relevant patent claims within a Prospective Patent, Licensee's obligation to pay Royalties corresponding to the Licensed Product(s) which is(are) covered solely by that patent or those claims, will cease as of the date of such decision in that jurisdiction and such territory will be excluded from the Territory as defined in Clause 1.21 insofar as the relevant Prospective Patent is concerned. Licensee, however, shall pay Royalties that accrued before that decision or that are based on all other patents or claims not involved in that decision. For the avoidance of doubt, if for a particular product any claim of a Prospective Patent is valid and covers that product, licensee's obligation to pay Royalties shall not cease. If for a particular product, no claim of any Prospective Patent is valid that covers that product, licensee's obligation to pay Royalties for that product in that jurisdiction shall cease. When Licensee's obligation to pay Royalties in any jurisdiction within the Territory ceases in respect of a Prospective Patent that is finally declared invalid, this Agreement is deemed to have terminated by expiry in respect of that Prospective Patent in that jurisdiction.

**6 Commercialization Report and Accounting for and Payment of Royalties and Maintenance of Records**

**6.1.** Licensee shall, within ninety (90) days after the last day of June, and December, send to University a commercialization report (which shall be the Information of Licensee) which comprises:

**6.1.1** a report for the preceding six (6) months period, except the first commercialization report as defined in Clause 6.2, to indicate development activities made, milestones achieved, activities performed towards the commercialization of the Invention, and

**6.1.2** a statement specifying income, fees and royalties payable to University, which shall include the quantities of Licensed Product produced, sold and sales price of Licensed Product sold or otherwise disposed of, the number of sub-licences granted to Sub-Licensees that include the right to market and sell Licensed Products and details of income/fees/royalties received from any Sub-Licensees and a calculation showing the income, fees and royalties due, and the statement shall be accompanied by a bankers' draft for (i) any amount over and above the Minimum Guarantees paid in advance for that year under Clause 5.4; (ii) the Sub-License Royalties payable under Clause 5.3.2; and (ill)

the Sub-License Income payable under Clause 5.3.1. There shall be no cross-collateralization, no accounts shall be offset and no other adjustment shall be made between the Licensed Products or between territories, areas or countries of the Territory unless provided otherwise in this Agreement.

**6.1** The first commercialization report shall cover the period from Commencement Date to 31st December 2017. Each subsequent commercialization report should cover a period of six (6) months as stipulated in Clause 6.1.

**6.2** Licensee also agrees to make and will cause its Sub-Licensees to make a written report to University within ninety (90) days after the date of termination or early termination of this Agreement, stating in such report the number, description and Net Sales Value of all Licensed Products produced, sold, or otherwise disposed of, and upon which royalties hereunder are payable but which were not previously reported to University.

**6.3** Licensee shall keep and will require its Sub-Licensees to keep during the Term and seven (7) years thereafter, records or accounts sufficient to enable accurate calculations of royalties due to University. University shall be entitled to appoint an independent auditor not employed by the University and reasonably acceptable to Licensee to determine the correctness of any royalty statement or royalties payable or paid hereunder. The cost of inspection by such auditor shall be borne by University unless the auditor's report Indicates that Licensee has under-reported its sales of Licensed Product and/or receipt of fees/royalties from Sub-Licensees by more than five (5%) percent in which case Licensee shall bear the full cost of such audit. Such audit may only be conducted once per calendar year.

**7 Milestones**

Licensee agrees to use commercially reasonable efforts to meet the milestones as detailed in Schedule 3. In the event that Licensee does not use commercially reasonable efforts to meet any of the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

**8 Prospective Patent**

**8.1** Subject to Clause 8.5, Licensee confirms and agrees that from the Commencement Date, it shall assume financial responsibility, as set forth in Clause 8.3, and shall continue to be financially responsible for and control the prosecution, defence from invalidation attacks and maintenance of any and all Prospective Patent within the Territory.

**8.2** University has applied for patent applications set forth in Schedule 2. University represents and warrants that (a) it solely owns the patent applications set forth in Schedule 2 and has obtained all rights from the Inventors of the inventions claimed in such patent applications, (b) it has the right to grant the licence to the Licensee as granted under the Agreement, and (c) it has not granted any rights under the patent applications set forth in Schedule 2 to a third party.

**8.3** Subject to Clause 8.1, Licensee agrees to (a) reimburse the University for all legal and government expenses to be incurred for the prosecution and maintenance of the Prospective Patent within the Invention within the Territory after the Commencement Date; and (b) pay for all costs and expenses involved in defending the relevant claims of the Prospective Patent from invalidation actions that may arise during the Term within the Territory. Said payments for undisputed amounts to be made to University within thirty (30) days upon presentation of invoice to Licensee. University shall cooperate with Licensee and Join any enforcement action brought by Licensee at Licensee's request.

**8.4** University shall provide reasonable assistance to Licensee with respect to the prosecution, maintenance, and defence of the Prospective Patent. For avoidance of doubt, any patent applications and the subsequent grants, renewals, amendments or restorations of any patent or patent application listed in Schedule 2 that do not exist as of the Effective Date shall be treated as part of the Prospective Patent hereunder.

**8.5** Licensee may by at least ninety (90) days' advanced written notice terminate its financial responsibility for the expenses for the filing, prosecution, defence from invalidation attacks or maintenance of any of the Prospective Patent ("**Abandoned Patent**") in any of the Patent Jurisdiction ("**Abandoned Jurisdiction**"). The notice shall identify the Abandoned Patent, the Abandoned Jurisdiction and the date the termination is to take effect (which shall not be less than 90 days from the date of the service of the notice). The service of such notice on University shall constitute an irrevocable abandonment by Licensee of its licence hereunder in the Abandoned Patent, in the Abandoned Jurisdiction on the effective date stated in the said notice ("**Date of Abandonment**") and the Abandoned Jurisdiction shall be excluded from the definition of "Territory" in Clause 1.21 and the licence granted in Clause 2, in each case, solely with respect to the Abandoned Patent. Upon issuing the notice, and without prejudice to the Licensee's obligations for the Abandoned Patent that have accrued up to theDate of Abandonment, Licensee shall have no further obligation, rights or interests with respect to the Abandoned Patent as from the Date of Abandonment, and University shall have the option to continue or not to continue prosecution, defence from invalidation attacks or maintenance of the Abandoned Patent at its own expense. University shall use all reasonable efforts to prepare or amend any patent applications to include claims reasonably requested by Licensee to protect the Licensed Product(s) contemplated or procedures to be practiced under this Agreement.

**8.6** University shall give one hundred and twenty (120) days' notice to Licensee of any desire to cease prosecution or maintenance of a particular Proprietary IPR or Prospective Patent and, in such case, shall permit Licensee, at its sole discretion, to continue prosecution or maintenance at Licensee's own expense. If Licensee elects to continue prosecution or maintenance, University shall execute such documents and perform such acts, at Licensee's expense, as may be reasonably necessary to effect an assignment of such Proprietary IPR or Prospective Patent to Licensee. Any such assignment shall be completed in a timely manner to allow Licensee to continue such prosecution or maintenance. Any patents or patent applications so assigned shall not be considered Proprietary IPR or Prospective Patent for all purposes under this Agreement.

**9 Patent Infringement**

**9.1** If either Party learns of the infringement of a Prospective Patent, in any jurisdiction within the Territory, it shall so inform the other Party in writing, including any evidence of such infringement. University may not notify a third party of the infringement of a Prospective Patent, save for its legal advisers, without first obtaining written consent of Licensee, which consent shall not be unreasonably denied or delayed. Both Parties shall use their reasonable commercial efforts in cooperation with each other to terminate such infringement.

**9.2** Licensee shall have the sole right, but not the obligation, to institute, prosecute and control any action, suit or proceeding to enforce the Prospective Patent with respect to infringement of the Prospective Patent and to defend any declaratory judgment with respect thereto, in each case within the Territory ("Action"). University hereby agrees to assist and cooperate with Licensee, at Licensee's expense (including payment for University's expert's time, and other expenses so long as such expenses are properly documented), to enable Licensee to prosecute and maintain such Action. University's agreement to assist Licensee includes, at Licensee's reasonable request and when it is required by law, government regulation or court order, University's agreement to join or to procure its Affiliates to join as a nominal party to achieve sufficient legal standing for Licensee to prosecute and maintain such Action provided that, if University participates in the Action only as a nominal party, University shall have no responsibility (other than to join as a nominal party) nor be liable for any costs or expenses in relation to or arising from such Action. For clarity, such liabilities for costs or expenses shall be the responsibility of Licensee. If Licensee invites University or its Affiliates to take a more active role (other than as a nominal party) in an Action as a co-party, University shall have its sole discretion to decide joining or not and on terms to be agreed with Licensee on a case by case basis. Licensee shall have the right to settle any Action or consent to an adverse judgment thereto, in its sole discretion, except that Licensee may not settle such action by agreeing to the invalidation of a Prospective Patent or any claim therein

9.3 without University's prior written consent. Any recovery obtained as a result of an Action, whether by judgment, award, decree or settlement, shall first be applied to reimbursement of Licensee's expenses in bringing such suit or proceeding (including any attorneys, expert and court fees), and

the balance shall be considered to be Net Sales Value, and subject to the royalty payments at [***]% as set forth ln Clause 5, and the remaining balance shall be recovered by Licensee as damages. Subject to Clause 9.2, if University commences or defends any suit or proceedings on its own account, University shall do so at its own expense. University shall have the right to settle any such action or consent to an adverse judgment thereto, in its sole discretion, except that University may not settle such action that may impair, damage or otherwise adversely affect the licence granted to Licensee under Clause 2.1, Licensee's use of such licence, any Licensed Product, or any of Licensee's rights/obligations hereunder, without Licensee's prior written consent, which consent may not be unreasonably withheld or delayed. Any recovery obtained as a result of such action, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance shall be distributed between University and Licensee at a ratio of 65:35 in all cases which do not result in a sub-licence to a third party. If a suit or proceedings result in a sublicence to a third party, then any recovery, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of university's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance to be paid to Licensee, provided that such balance shall be shared between University and Licensee according to the provisions in Clause 5.3 herein.

**10 Notices and Payments**

**10.1** Any notices or communication given under this Agreement shall be in English, in writing and delivered by registered post, courier with package tracking capabilities, or by hand, to the Party at its postal address set out below or to such other address as may be notified in writing from time to time between the Parties. A notice or communication to University must specify the Agreement Number TC1711656 for identification. Any notices or communication given under this Agreement shall be deemed to be given at the time and date of receipted delivery to the relevant address.

| | |
|---|---|
| To University: | The Chinese University of Hong Kong<br>Room 301, Pi Ch'iu Building<br>Shatin, New Territories<br>Hong Kong SAR Email:<br>Attn: Director, Office of Research and Knowledge Transfer Services |
| with a copy to: | The Chinese University of Hong Kong<br>Shatin<br>New Territories<br>Hong Kong SAR<br>Attn: Professor Yuk Ming Dennis Lo<br>Department of Chemical Pathology |
| To Licensee: | Cirina Limited<br>21st Floor, Edinburgh Tower<br>The Landmark, 15 Queen's Road,<br>Central, Hong Kong SAR<br>Attn: Dr. Yuk Ming Dennis Lo, Board Member |

**10.2** All payments to be paid hereunder shall be made in reference to the Agreement Number TC1711656 for purpose of identification. All payments to University are to be made payable to "The Chinese University of Hong Kong", to be in Hong Kong Dollars and to be sent to the Director of Office of Research and Knowledge Transfer Services at the above address of University or by wire transfer to the following account:

Account Name: [***]
Account No.: [***]
Swift Code: [***]
Name of Bank: [***]

and shall be paid in full without any deductions, save for such tax as Licensee is legally bound to withhold, which amounts withheld shall be treated as if paid to University. Licensee shall provide reasonable assistance to University, free of charge, to recover any tax so withheld. If any currency conversion shall be required to make payment in a designated currency, such conversion shall be calculated using an exchange rate equal to the average of the applicable exchange rates published by the Wall Street Journal (*Internet Edition*) on the last day of each month for the four months preceding such payment.

**10.3** If any payment (save and except for the Licence Issue Fee) due from Licensee under this Agreement is paid late, the Licensee shall be liable to pay interest on the amount of the late payment. The rate of interest referred to in this Clause 10.3 will be the annual rate of 2% above the prime lending rate of the Hong Kong and Shanghai Banking Corporation (as at the due date for payment) and interest shall accrue from the due date for payment until the date of actual receipt of payment.

**11 Miscellaneous**

**11.1** "Clause" means clauses in the main part of this Agreement and "Paragraph" means paragraphs in the Standard Terms and Conditions in Schedule 1.

**11.2** Heading to clauses and paragraphs are for convenience only and have no legal effect.

**11.3** Words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or incorporate.

**11.41** Any schedule to this Agreement is part of it and reference to this Agreement includes reference thereto. In the event that there is any inconsistency between the Standard Terms and Conditions and the remainder of this Agreement, the latter shall prevail.

**11.5 Each** Party agrees to maintain in confidence the other Party's Information and not use such Information for any purpose, or disclose such Information to any third party, other than as expressly provided hereunder. The terms of this Agreement shall be deemed Information of both Parties under this Agreement and there shall be no public disclosure except with prior mutual agreement, unless as provided for in this Clause. In the event that a Party is required to publicly disclose the terms of this Agreement by any law, applicable securities exchange, supervisory, regulatory or governmental body (including, but not limited to, China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong) to which any Party is subject to, the Party may disclose such term as reasonably necessary for the compliance of such court order, rule or regulation provided that the Party shall, where legally permissible, give prior written notice to the other Party and redact as much confidential information as is permitted under such rules and shall agree on all such redactions with the other Party prior to disclosure, except where such agreement may be precluded by advice of legal counsel of a Party. Licensee may disclose the terms of this Agreement to a Sub-Licensee or potential Sub-Licensee, so long as such disclosure is made under a confidentiality agreement. Each Party may disclose and use information of the other Party only if and to the extent such disclosure and use is reasonably necessary in the following instances:

**11.5.1** filing or prosecuting Proprietary IPR and Prospective Patent as permitted by this Agreement;

**11.5.2** prosecuting or defending litigation as permitted by this Agreement;

**11.5.3** disclosure to third parties in connection with due diligence or similar Investigations by such third parties, and disclosure to actual and potential third party investors or partners, collaborators, joint venturers, provided, in each case, that any such third party agrees to be bound by reasonable obligations of confidentiality and non-use;

**11.5.4** in connection with legal proceedings relating to this Agreement;

**11.5.5** in connection with the exercise of its rights under this Agreement; and

**11.5.6** to employees, agents, officers, directors, auditors, advisers, partners, consultants, permitted Sub-Licensees, affiliates, sub-contractors requiring confidential information for the purposes of performance of this Agreement on a need to know basis.

**IN WITNESS WHEREOF** this Agreement has been entered into on the day and year first above written.

| | | |
|---|---|---|
| SIGNED by | ) | |
| Name: Prof. Walter K K HO | ) | |
| Title: Director, Office of Research and Knowledge Transfer Services | ) | |
| for and on behalf of | ) | /s/ Walter K K Ho |
| **THE CHINESE UNIVERSITY OF HONG KONG** | ) | |
| in the presence of: Leung Kit Man | ) | /s/ Leung Kit Man |
| SIGNED by | ) | |
| Name: Maneesh Jain | ) | |
| Title: CEO | ) | |
| for and on behalf of | ) | /s/ Maneesh Jain |
| **CIRINA LIMITED** | ) | |
| in the presence of: Angela Wu | ) | /s/ Angela Wu |

**SCHEDULE 1**

STANDARD TERMS AND CONDITIONS (the "T&C's)

1. Ownership of Intellectual Property Rights

1.1 All rights, including Intellectual Property Rights, in the Invention not expressly granted to Licensee in this Agreement shall remain vested in University.

1.2 Licensee shall, at the request of University, execute any document necessary to effect University's title where applicable, to Intellectual Property Rights in the Invention.

1.3 In the event that Licensee wishes to pursue intellectual property protection, including but not limited to patent application, for any Licensed Product, Licensee agrees to acknowledge, preserve and protect University's pre-existing Intellectual Property Rights, where applicable, in such Licensed Product.

2. Obligations of Licensee

2.1 Licensee is responsible for the quality and safety of its products.

2.2 Licensee shall use all reasonable efforts and diligence to exploit the Invention and to proceed with the development, manufacture and sale of Licensed Product and to use commercially reasonable efforts to develop markets for the Licensed Product.

2.3 Licensee will represent the Licensed Product fairly in comparison with competitive products from other suppliers.

2.4 Licensee shall not, on behalf of University, make any representations or give any warranties or· guarantees in respect of the Proprietary IPR not expressly authorised in writing by University, provided that such authorization shall not be unreasonably delayed or withheld by University.

2.5 Licensee shall not market the Licensed Product under the name of University, and not in any way create any impression that University is the seller of the Licensed Product.

2.6 Licensee shall take all such steps as are reasonably necessary to protect Intellectual Property Rights in the Invention.

2.7 Licensee shall promptly inform University upon becoming aware of any illegal or unauthorised use of the Invention or any infringement of the Prospective Patent or Proprietary IPR and Intellectual Property Rights therein.

2.8 Licensee shall comply with all laws, regulations and governmental obligations that may from time to time be applicable to the making, use or sale of the Licensed Product in each part of the Territory.

2.9 As between Licensee and University and without limiting any responsibility of an Affiliate or Sub-Licensee, Licensee shall be solely responsible for any claims arising or alleged to arise from loss or injury to persons or property caused or suffered in the course of or as a consequence of the use of the Invention by Licensee, Affiliates and Sub-Licensees or the supply and sale of the Licensed Product by Licensee, Affiliates and Sub-Licensees except where such loss or injury are caused by the gross negligence or wilful misconduct of University.

2.10 Except as expressly set forth under this Agreement, Licensee shall use its best endeavours to keep the Invention confidential and not to reveal to any third party any confidential information of University regarding the Invention until after a non-disclosure agreement has been signed, provided that no such obligation shall apply to any information that has been publicly disclosed through no breach of this Agreement by Licensee, including by publication of the Inventions by the applicable governmental agency, was in the possession of Licensee prior to disclosure by University, is obtained by

Licensee from a third party, or is independently developed by Licensee. For clarity, Licensee's obligations to keep the Invention confidential do not apply to the extent Licensee, its Affiliate or Sub-Licensee discloses the Invention or any portion of the Invention for purposes of obtaining regulatory approval for the Licensed Products, securing intellectual property on the Licensed Products or commercializing the Licensed Products.

2.11 To the extent prohibited by applicable law, Licensee shall not carry out any illegal, deceptive, or unethical practices, whether or not they are to the disparagement of the Invention, Licensed Product or University, or, subject to the foregoing in this Section 2.11, any other practices which may be detrimental to the Invention, Licensed Product, University or to the public interest.

3. Restriction On Use of Name

No right or licences are granted by University to the Licensee expressly or by implication to use the name or any trademark, service mark, trade name or symbol of The Chinese University of Hong Kong or any of its employees in any public relations activities or other activities or in connection with any Licensed Product manufactured, used, or sold by the Licensee, or as part of its corporate name or firm or trade name or for any other purpose without University's prior written consent. No right or licences are granted by Licensee to University expressly or by implication to use the name or any trademark, service mark, trade name or symbol of Licensee or any of its employees in any public relations activities or other activities or in connection with any Licensed Product or as part of its corporate name or firm or trade name or for any other purpose without Licensee's prior written consent.

4. Exclusion of Warranties

4.1 Except as expressly set forth under this Agreement, nothing in this Agreement shall be construed as a warranty or representation that anything made, used, sold, or otherwise disposed of under any licence granted in this Agreement is or will be free from infringement of any patent, copyright, trade mark or any other intellectual property right of any third party.

4.2 Except as expressly set forth in this Agreement, neither party makes any representations and extends no warranties of any kind, either express or implied. In particular, but without limitation, there are no express or implied warranties of merchantability or fitness for a particular purpose, or the operation of the Invention under the Prospective Patent will be uninterrupted or error-free or any defects in the Invention will be corrected.

4.3 University does not assume any responsibility for any exploitation, use or any product produced, developed and manufactured in accordance with the Invention or for the sale or use of the product processed, developed and manufactured by Licensee or its Sub-Licensees nor shall University be deemed to make or have made any warranties of any nature whatsoever with respect to the Invention or any product processed, developed and manufactured under this Agreement.

5. Indemnity

5.1 Licensee shall defend, indemnify and hold harmless University (including its officers, directors, employees) from any and all claims, demands, actions, suits, damages, penalties, liabilities, judgements, cost or expenses (including legal fees) assessed against or incurred by University as a result of any claim or threatened claim made by any third party against University relating to the use of or other exploitation by Licensee in connection with the manufacture, use, provision or sale of or any other dealing in the Invention or Licensed Product by Licensee, its Affiliates and its Sub-Licensee, including breach of sub-licence by a Defaulting Sub-Licensee as provided for in Clause 4.6 even if the relevant sub-licence is terminated by Licensee.

5.2 To be eligible to be indemnified hereunder, the indemnified Party shall provide the indemnifying Party with prompt notice of the third party claim giving rise to the indemnification obligation pursuant to this Paragraph 5 and the exclusive ability to defend (with the reasonable cooperation of the indemnified Party) or settle any such claim. The indemnifying Party shall have no obligations with respect to any losses resulting from the indemnified Party's admission, settlement or other communication without the prior written consent of the indemnifying Party.

6. Limitation of liability

6.1 Except for liabilities arising from a Party's breach of its obligations of confidentiality, neither Party nor any of its Affiliates shall be liable to the other Party for any indirect, punitive or consequential damages or loss of profits, whether based on contract or tort, or arising under applicable law or otherwise. Except for liabilities arising from University of its obligations of confidentiality, University hereby excludes liability to Licensee and its Sub-Licensee for any and all losses or damage of any kind howsoever caused including losses of profits or other consequential or special losses arising from the use of or inability to use the Invention.

6.2 Without prejudice to Paragraph 6.1, University's liability to the Licensee for all losses or damage of any kind howsoever caused shall be limited to the aggregate total amount received by University from Licensee under this Agreement as at the date of such breach.

6.3 No action arising out of this Agreement may be brought by either Party more than one year after the cause of action has accrued and has come to the attention of the aggrieved.

7. Termination

7.1 The licences granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Paragraph 7 or relevant provisions of this Agreement, shall continue in force for the Term of Licence as detailed in Clause 3 and this Agreement and the licenses granted hereunder shall terminate automatically by expiry.

7.2 University shall be at liberty in every and any of the following events to terminate this Agreement in totality by written notice:

7.2.1 on failure by Licensee to meet the milestones as detailed in Schedule 3 which continues for at least thirty (30) days after University has given notices of that breach;

7.2.2 on failure by Licensee to make any undisputed payment to be paid hereunder for an aggregated amount not less than HK$ 100,000 (one hundred thousand) which continues for at least thirty (30) days after University has given written notice of that breach;

7.2.3 on any attempt by Licensee to assign or otherwise transfer any of its rights under this Agreement other than in accordance with the terms of this Agreement;

7.2.4 on cessation of Licensee's business relating to the exploitation of the Invention, unless such cessation is due to a permitted assignment or transfer of rights under this Agreement: or

7.2.5 if Licensee goes into liquidation (other than for the purposes of amalgamation or reconstruction) or if a receiver is appointed of its assets and undertaking or any part of them or any distress execution or other analogous process shall be issued against any property of Licensee, and such execution or process is not dismissed within 90 days.

7.3 Licensee may terminate this Agreement by serving upon University 3 months' notice in writing of its intention to terminate this Agreement.

7.4 Either Party may terminate this Agreement by written notice if the other Party commits a material breach of this Agreement which continues for at least sixty (60) days after the nondefaulting Party has given written notice of that breach and the required remedy.

8. Effect of Termination

8.1 Paragraphs 1, 3, 4, 5, 6, 8, 11, 12, 13, 14, 15, 16, and 17 of the T&C's and Clauses 1, 4.4, 10, and 11 of the main part of the Agreement shall remain in force following termination or expiration.

8.2 On termination, the licence granted pursuant to this Agreement and all rights of Licensee under it shall forthwith cease and terminate without prejudice to any right of either Party which may have accrued up to the date of termination or remedy to sue and recover for any sum then due and to the remedy of either Party in respect of any previous breach of any provision contained in the Agreement.

8.3 Within a reasonable period of time after expiration or termination of this Agreement or the licences granted hereunder, each Party undertakes to return to the other Party all Information and all copies thereof and information in any form containing or covering in any way any part of the Information in its possession and/or control or provide evidence of their destruction.

8.4 Licensee will pay up all fees, expenses and payments accrued and payable to University up to the date of termination.

9. Governmental Obligations

Upon request by University and at University's expense, Licensee agrees to take all reasonable action necessary on its part as licensee to allow University to satisfy its governmental obligations and other reporting requirements, if any, relating to the Invention and/or this Agreement.

10. Time and Force Majeure

10.1 Subject to any grace or cure periods and to the provisions of Paragraph 10.2 below, time shall be of the essence.

10.2 Neither Party shall be liable to the other for delay in performance of its obligations hereunder or deemed to be in breach of this Agreement due to causes beyond its control, including but not limited to acts of God, disease outbreaks, fires, strikes, acts of war, terrorist acts, or intervention by any governmental authority, and each Party will take steps to minimize any such delay. If such an event occurs, the time set by this Agreement for performance of that obligation by the relevant Party will be extended for the period by which performance is prevented by the event PROVIDED THAT the other Party may terminate this Agreement by notice if such event continues for more than 180 days.

11. Severability

In the event that any provision or part of this Agreement is held to be invalid, illegal or otherwise unenforceable, this Agreement shall be deemed to be amended by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise to retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.

12. Waiver

No indulgence given by either Party to the other shall be deemed or construed as a waiver of its rights and remedies hereunder.

13. No Implied Partnership or Agency

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between the Parties and neither Party shall have the authority or power to bind the other Party or to contract in the name of and create a liability against the other Party.

14. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Hong Kong SAR, excluding conflict-of-law principles that would cause the application of the laws of any other jurisdiction.

15. Arbitration

15.1 The Parties shall attempt to resolve any dispute, controversy or claim ("Dispute") arising out of or in connection with this Agreement between them amicably. In the event that the Parties are unable to resolve any Dispute amicably within a period of ninety (90) days from the date of a Party's notice of such Dispute to the other Parties, such Dispute, including any dispute with respect to the validity or existence of this Agreement or any provision hereof, shall be settled by arbitration in Hong Kong under the Hong Kong International Arbitration Centre ("HKIAC") Administered Arbitration Rules in force from time to time and as may be amended.

15.2 The number of arbitrators shall be three. Each Party shall be entitled to appoint one. arbitrator. The third arbitrator shall be appointed by HKIAC. All arbitration proceedings shall be conducted in the English language.

15.3 The arbitration shall be final and binding upon the Parties.

Notwithstanding the foregoing, the Parties agree that each Party shall have the right to seek interim injunction or other interim or conservatory measures from any court of competent jurisdiction, and this shall not be deemed or construed as incompatible with, or operate as a waiver of, the foregoing agreement to arbitrate.

16. Assignment

Licensee shall not assign, mortgage, charge or otherwise transfer any rights and obligations under this Agreement (and any attempt to do so will be null and void), without the prior written consent of University, except that each Licensee may, without the prior written consent of University, assign or otherwise transfer this Agreement to a successor to all or substantially all of its assets or business that pertain to this Agreement, whether by merger, operation of law, sale, or otherwise, provided that such successor agrees in writing to be bound by the terms and conditions of this Agreement.

17. Entire Agreement

17.1 This Agreement, including its Schedules, constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, representative statements, negotiations and understandings concerning the subject matter of this Agreement and University hereby excludes any implied terms which may be excluded by contract to the maximum extent permissible under applicable law.

17.2 Amendments or changes to this Agreement must be in writing and signed by duly authorized representatives of the Parties.

**SCHEDULE 2**

DESCRIPTION OF INVENTION

| **University Ref No. / Disclosure Form Title** | **Prospective Patent** |
|---|---|
| **1. 16/MED/750** | US Provisional Patent Application No. 62/450,541 |
| **Detecting virus related cancers** | US Provisional Patent Application No. 62/507,154 |

**SCHEDULE 3**

MILESTONES

Refer to Schedule 3 of license agreement TC1510006.

**Exhibit 10.21**

**Certain information has been excluded from this agreement (indicated by "[***]") because such information is both (a) not material and (b) is the type that the registrant customarily and actually treats as private or confidential.**

DATED 29 May 2017

**(1) THE CHINESE UNIVERSITY OF HONG KONG**

**and**

**(2) CIRINA LIMITED**

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# LICENCE AGREEMENT

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**THIS LICENSE AGREEMENT** ("Agreement") is dated this 29th day of May 2017

**BETWEEN:**

(1) **The Chinese University of Hong Kong**, a university established by legislation in the Hong Kong Special Administrative Region (**"Hong Kong SAR"**) located in Shatin, New Territories, Hong Kong SAR acting in its capacity as the owner of the Invention as defined herein (**"University"**); and

(2) **Cirina Limited**, as limited liability company incorporated and existing under the laws of Hong Kong SAR having its registered office at 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong SAR ("**Licensee**");

who together in this Agreement are referred to as the "**Parties**" and individually as the "**Party**".

**WHEREAS:**

(A) The Invention (as defined below) was invented by Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of University and his research team.

(B) University is owner of the invention within University Docket No. 07/MED/244, U.S. Patent No. 6,753,137 and European Patent No. EP1356124B1 within University Docket No. 01/Med/070, US Provisional Application No. 60/951,438, US Divisional Patent Application No. 15/474,995 (CUHK Ref. 12/MED/465 US Div1): Chinese Patent Application No. 201710089355.6 (CUHK Ref. 12/MED/465 CN Div1) and Chinese Patent Application No. 201710103299.7 (CUHK Ref. 12/MED/465 CN Div2) within University Docket No. 12/MED/465 and the underlying Proprietary IPR (as defined below) therein.

(C) University and Licensee now agree to enter into this definitive agreement with regard to Licensee's exclusive licence to use the Inventions and the Proprietary IPR therein in accordance with the provisions of this Agreement.

**IT IS HEREBY AGREED as follows:**

**1 Definitions**

In this Agreement, unless the context clearly otherwise requires, the following words and expressions shall have the following meanings and all defined terms shall apply to their singular and plural forms, as applicable: "Including" means "including without limitation". "H/herein", "hereof", "hereunder" or similar expressions refer to this Agreement. "Clause" means the referenced clauses in this Agreement.

**1.1** "**Affiliate**" means any legal entity of which Licensee owns, directly or indirectly, 10% or more shareholdings.

**1.2** "**Commencement Date**" means the date of commencement of the licence as referred to in Clause 3.1.

**1.3** "**Effective Date**" means the date first written above of which this Agreement becomes effective.

**1.4** "**Expenses**" means all costs and expenses incurred for processing, defending from invalidation attacks or maintain any of the Prospective Patent (as defined below) in a designated Patent Jurisdiction (as defined below) and includes those costs and expenses referred to in Clause 8 as payable by Licensee.

**1.5** "**Information**" means information relating to the invention and any other technical information of University and any technical or business information of Licensee.

**1.6** "**Intellectual Property Rights**" or "**IPR**" means any rights including but not limited to patents, know-how, confidential information, trade secret, industrial design, copyrights, trademarks, service marks, trade names, logos and the goodwill associated therewith and all rights or forms of protection having equivalent or similar effect (whether registered, unregistered or not capable of being registered) which may subsist anywhere in the world.

**1.7** "**Invention**" means the invention disclosures and patent applications which were invented by Research Team and owned by University prior to the Commencement Date as listed in Schedule 2 hereto, and all Proprietary IPR and the Prospective Patent.

**1.8** "**Licence Issue Fee**" means the consideration to be paid by Licensee to University in accordance with Clause 5.1.1 of this Agreement.

**1.9** "**Licensed Field of Use**" means all fields except prenatal (fetal or maternal) diagnostics and/or prenatal (fetal or maternal) prognostics and/or prenatal (fetal or maternal) analysis.

**1.10** "**Licensed Product**" means any product, service or process embodying, applying, adopting, using or otherwise utilizing the Invention or any part(s) thereof that is developed or produced by Licensee, its Affiliate and/or its Sub-Licensee, in the Licensed Field of Use, in each case, of which the manufacture, use, practice, sale, offer for sale, or importation, exportation, disposal or exploitation would constitute, but for the licence University grants to Licensee under this Agreement, an infringement of any valid claim of a Prospective Patent within the Invention in a country in which such activity is conducted or in which such product is sold.

**1.11** "**Net Sales Value**" means, with respect to any Licensed Product, the gross sales price of such Licensed Product invoiced by Licensee, its Affiliate and/or its Sub-Licensee to customers who are not Affiliates (or are Affiliates but are the end users of such Licensed Product) less, to the extent actually paid or accrued by Licensee, its Affiliates and/or its Sub-Licensee (as applicable), (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers for nonconforming, damaged, outdated and returned Licenses Product; (b) freight and insurance costs; (c) cash, quantity and trade discounts, rebates and other price reductions for such Licensed Product given to such customers under price reduction programs; (d) sales, use, value-added and other direct taxes incurred on the sale of such Licensed Product to such customers; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Licensed Product to such customers; (f) sales commissions incurred on the sale of such Licensed Product to such customers; and (g) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles. For avoidance of doubt, any consideration or royalties received from Sub-Licensee(s) are excluded. If a Licensed Product consists of components that are covered by valid claim of a Prospective Patent within the Invention (a "**Covered Component**") and components that are not covered by a Valid Claim ("**Other Components**"), then Net Sales for such Licensed Products shall be multiplied by the fraction A/(A+B), where A is the value of the Covered Component(s) as reasonably determined by Licensee, and B is the value of the Other Component(s) as reasonably determined by Licensee, and such resulting amount shall be the "Net Sales Value" for purposes of the Royalties and Sub-License Royalties calculations in Clauses 5.1.2 and 5.3.1, respectively, for such Licensed Product.

**1.12** "**Patent Jurisdiction**" means convention country and/or region in which the Prospective Patent has been filed or granted or to be filed or granted and for which the application, prosecution, defence from invalidation attacks and maintenance will be made at the Licensee's expense.

**1.13** "**Proprietary IPR**" means any and all underlying Intellectual Property Rights subsisting in the Invention listed in Schedule 2.

**1.14** "**Prospective Patent**" means any and all patents and patent applications specified in Schedule 2 or included in the Proprietary IPR, including any patents or patent applications that claim common priority therewith or are grants, divisions, continuations, continuations-in-part, reissues, re-examinations and extensions of all such patents claiming priority therefrom (and any reference to "Prospective Patent" shall include any and all of them) as well as renewals thereof.

**1.15** "**Research Team**" means Professor Yuk Ming Dennis Lo of the Department of Chemical Pathology of The Chinese University of Hong Kong and his research team.

**1.16** "**Samples**" means human patient samples provided to the Licensee.

**1.17** "**Standard Terms and Conditions**" or "**T&C's**" means the terms and conditions set forth in Schedule 1 hereto.

**1.18** "**Sub-License Income**" means all one-time payments, net of any relevant tax, duties or similar government levies, which shall be non-recurring in nature as actually received by Licensee from Sub-Licensee(s) under any sub-licence(s) granted by Licensee to Sub-Licensee(s), including without limitation any up-front payments and milestone payments to be made by Sub-Licensee(s) to Licensee under any such sub-licence(s), in each case to the extent such amounts are received in consideration of the grant of a sublicense to the Invention, but excluding any amounts received by Licensee that are (a) Sub-License Royalties payable under Clause 5.3.2, (b) based on sales of Licensed Products, (c) loans, (d) paid for equity or securities (or rights to acquire equity or securities) to the extent not in excess of fair market value, (e) paid for supply of products or materials provide at cost or in kind exchange, and (F) reimbursements of costs and expenses incurred by Licensee, including for patent-related expenses or costs incurred in performing research, development and/or services thereunder.

**1.19** "**Sub-Licensee**" means a sub-licensee, other than an Affiliate, who has a valid and subsisting licence granted to it by Licensee for the exploitation of the Licensed Product. For the avoidance of doubt, Sub-Licensee shall not be an Affiliate of Licensee.

**1.20** "**Term**" means the term of licence as defined in Clause 3.1.

**1.21** "**Territory**" means worldwide.

**2 Grant of Licence**

**2.1** Subject to Clause 2.4 below, University hereby grants to Licensee, for the term and subject to the provisions of this Agreement, an exclusive and non-transferable (except as provided in Paragraph 16 of the T&C's) licence for the Invention, with the right to sublicense, subject to Clause 4, to apply, use and exploit the use of the invention and to make, authorize the making of, process, supply, sell, offer to sell, lease, otherwise commercially dispose of, import, have imported, export, or otherwise exploit in any manner the products and services in the Licensed Field of Use with the Territory. For avoidance of doubt, the Licensee shall be entitled to obtain Samples worldwide, including from the Territory. Licensee shall solely be responsible for the safety and quality of the Licensed Product in accordance with the applicable laws, rules and regulations.

**2.2** All improvements, modifications or alterations to the Licensed Product made or developed during the Term by University in the Licensed Field of Use, including any related patents and scientific or technical information, know-how or trade secrets, shall be, automatically, deemed subject to this Agreement and shall be included with the definition of Proprietary IPR. University shall, from time to time, promptly disclose to Licensee all such improvements, modification or alterations.

**2.3** This grant of licence under Clause 2.1 can be extended to any Licensee's Affiliate so long as (i) such Affiliate remains as an Affiliate of Licensee as defined in Clause 1.1; and (ii) Licensee notifies University forthwith of any termination and potential termination of such relationship. Licensee shall remain fully responsible for any act done and omission on the part of Affiliate arising from or in connection with this Agreement. Licensee shall be responsible for any breach by Affiliate of the Agreement as if the breach had been that of Licensee under the Agreement. Licensee shall indemnify University and keep University harmless from and against any loss, damage, costs, expenses, demands and claims incurred or suffered by University in accordance with Paragraph 5 of the T&C's.

**2.4** Licensee and University both acknowledge and agree that the grant of exclusive right to Licensee under this Agreement shall be subject to the followings:

**2.4.1** University's academic rights to use the Invention, the Prospective Patent and related technology in the Territory solely for its own internal (non-commercial) research and educational purposes at all times without accounting to Licensee;

**2.4.2** Governmental contractual obligations of University (if any) to the extent any government funding was used in support of the Invention and Prospective Patent; and

**2.4.3** The rights granted by University to [***] under the Sponsored Research Agreement between University and [***] dated 6 March 2008 to use University Docket No. 92/MED/465, as identified in Schedule 2, solely for internal research purposes in the field of cancer detection, cancer prognostication or other analysis for the screening and management of cancer without accounting to Licensee.

**2.5** University shall promptly, if requested by Licensee, execute and file applications (in the prescribed form) to register or provide notice to the relevant patents administrators of the transaction contemplated by this Agreement in accordance with relevant laws or regulations, provided that the Licensee.

**2.5.1** shall, together with each request made to University, provide to University a duly executed irrevocable power of attorney in favour of University pursuant to relevant laws or regulations, to enable University to remove such registration or notice to the relevant patents administration promptly upon the expiration or early termination of the licence granted in this Agreement or any part of it, or upon the abandonment by Licenses of any Prospective Patent under Clause 8.5; and

**2.5.2** shall bear all costs and expenses in connection with the requested registration or notice, as well as the removal of such registration or notice, including but not limited to University's expenses in consulting its own professional advisers about Licensee's request and attending to the filing and removal of the registration or notice.

**3. Term of Licence**

**3.1** This Agreement shall become effective on the Effective Date. The licence granted under Clause 2.1 shall be effective and commence from the date of University's receipt of full payment of the Licence Issue Fee under Clause 5.1.1 ("**Commencement Date**"). This Agreement and the licence shall expire concurrently with the last-to-expire Prospective Patent or on the 20th anniversary of the Commencement Date, whichever is the later, unless terminated earlier under the terms of this Agreement (the "**Term**").

**3.2** In the event that Licensee fails to make full payment of the Licence Issue Fee within the prescribed period under Clause 5.1.1, this Agreement shall be automatically terminated on the expiry of the prescribed period under Clause 5.1.1. University shall not be required to refund any part of the Licence Issue Fee paid by Licensee prior to such termination and Licensee shall not be required to make further payment of the Licence Issue Fee.

**4 Sub-Licensee**

**4.1** For the Licence granted in Clause 2.1, Licensee shall be entitled to grant and authorize sub-licences of its rights thereunder to any person or entity subject to the terms of this Agreement. However, Licensee shall ensure that each sub-licence shall include obligations on the Sub-Licensee at least as restrictive as the obligations imposed on Licensee under this Agreement, excluding any economic term, which may be freely negotiated between the Licensee and Sub-Licensee, and a sub-license may allow for further sublicensing through multiple tiers.

**4.2** The sub-license granted to Sub-Licensee shall be terminated by Licensee if Sub-Licensee directly or indirectly, during the term of the sub-licence or thereafter challenges the ownership and/or any rights of University in the Invention, including any Proprietary IPR in respect of the Invention, the Prospective Patent, and the validly thereof.

**4.3** Within thirty (30) days of the grant of any sub-licence, the Licensee shall provide to University a true copy of the executed sub-licence agreement, provided that Licensee may redact such agreement to exclude the financial terms thereof and may provide only those provisions that are reasonably related to the Licensee's obligations to University pursuant to this Agreement.

**4.4** All sub-licences granted to a Sub-licensee shall terminate automatically on the expiration or early termination of this Agreement for any reason; provided, however that sublicenses granted to a Sub-Licensee shall survive if the relevant Sub-Licensee agrees in writing to be bound by the terms of this Agreement as such terms apply to such Sub-Licensee (in which event such Sub-Licensee shall be deemed a direct licensee of University); provided that such Sub-Licensee shall only be responsible for any payments that become due as a result solely of such Sub-Licensee's activities after the effective date of any such termination.

**4.5** The Licensee remains fully liable to pay to University all Royalties due from the Sub- Licensee, without prejudice to the right of University to seek indemnity from Licensee in accordance with Paragraph 5 of the T&C's.

**4.6** In the event that a Sub-Licensee commits a material breach of any of Its other obligations under the sub-licence agreement (the "**Defaulting Sub-licensee**"), Licensee shall use commercially reasonable efforts to enforce the terms of the relevant sub-licence agreement against the Defaulting Sub-Licensee. If the Defaulting Sub-Licensee's material breach continues for thirty (30) days after University's written notice to Licensee, and if Licensee does not within thirty (30) days after University's written notice to Licensee (or

such longer period as University in its sole discretion may grant taking into consideration the nature and seriousness of the Defaulting Sub-Licensee's material breach on a case by case basis), provide evidence to satisfy University that Licensee has taken legally reasonable action under the circumstances to remedy the Defaulting Sub-Licensee's breach (possibly including, without limitation, commencement of legal proceedings by Licensee against the Defaulting Sub-Licensee to enforce the terms of the sub-licence agreement, or the provision of legal advice, obtained at Licensee's expense from counsel of its choosing, and reasonably acceptable to University, indicating that Licensee has taken legally reasonable action to deal with the Defaulting Sub-Licensee's breach) then unless expressly agreed to in writing by University and only if such material breach by such Sub-Licensee has a material adverse effect on University, the sub-licence granted to Sub-Licensee shall be terminated by Licensee. In any event, Licensee shall indemnify University against all third party claims, demands, actions, suits, damages, penalties, liabilities, judgments, costs (including legal costs and attorney charges) and expenses assessed against or incurred by University as a result of the breach by the Defaulting Sub-Licensee, even if the relevant sub-licence is terminated by Licensee, in accordance with Paragraph 5 of the T&C's.

**5. Payments**

**5.1** In consideration of the granting of Licence by University under Clause 2.1, Licensee shall pay to University:

**5.1.1** An upfront, non-refundable and non-recoupable licence issue fee of HK Dollars **[***]** (the "**Licence Issue Fee**"), payable within one hundred and eighty (180) days from the Effective Date of this Agreement. However, if the Licence Issue Fee is not paid in its entirety within the aforesaid period, Licensee is deemed to have reverted the licence back to University and is no longer required to pay University any outstanding payment under this Agreement; and

**5.1.2** Subject to Clause 5.5, the royalty at [***] percent of Net Sales Value, in respect of each application, use, process, supply and/or sale of Licensed Product by Licensee and/or its Affiliate during the Term (the "**Royalties**"), other than any Sub-License Income and Sub-License Royalties (as defined in Clause 5.3.2); provided that if, in any calendar quarter(s), Licensee is obligated to pay University royalties on sales of products (including Licensed Product) under Licence Agreement No. TC1510006 dated 7th April 2616 signed between the Parties or any other agreement, then no Royalties shall be due on sales of such Licensed Product in such calendar quarter(s).

**5.2** For the avoidance of doubt,

**5.2.1** the Royalties and Minimum Guarantees (as defined in Clause 5.4) shall be payable by the Licensee to University in accordance with the terms of this Agreement throughout the Term in respect of the Net Sales Value received for the production, distribution, sale and/or use of the Licensed Product anywhere in the Territory.

**5.2.2** Licensee has to pay the Minimum Guarantees in accordance with Clauses 5.4 and 5.5 herein regardless of the status of any individual Prospective Patent. Licensee's obligation to pay Minimum Guarantees is not abated by the occurrence of any event, including but not limited to the expiry or invalidation of any issued patent or any claim therein, the unsuccessful application of any patent application, or the abandonment of any Prospective Patent by Licensee under Clause 8.5 of this Agreement.

**5.2.3** The Royalties, Minimum Guarantees and Sub-License Royalties (as defined in Clause 5.3.2) must be paid in full in accordance with the provisions in Clause 5 of this Agreement. Royalties shall be paid semi-annually, and shall be in arrears ninety (90) days after the last day of June and December in each year in accordance with Clause 6.1.

**5.3** In the case of sub-licence, Licensee agrees to pay University:

**5.3.1** [***] percent of Sub-License Income; and

**5.3.2** [***] percent of Net Sales Value (the "**Sub-License Royalties**") received by such Sub-Licensee for the Licensed Products, net of any relevant tax, duties or similar government levies, excluding any up-front payments and milestone payments to be made by the Sub-Licensees) to Licensee under any such sub-licence(s), provided that if, in any calendar quarter(s), Licensee is obliged to pay University Sub-License Royalties on sales of products (including Licensed Product) under any other agreement, then no Sub-License Royalty shall be due on sales of such Licensed Product in such calendar quarter(s).

**5.4** Licensee agrees to pay to University fixed sums of minimum annual royalties, subject to Clause 5.5, (the "**Minimum Guarantees**"), irrespective of whether or not Net Sales Value is generated, in advance for each year during the Term commencing on 2nd January 2018 ("**Minimum Guarantee Year**") as follows:-

| Payment Date | Minimum Guarantee for the year |
|---|---|
| 2nd January 2018 | HK$[***] |
| 2nd January for each and every succeeding Minimum Guarantee Year | HK$[***] |

**5.5** During each Minimum Guarantee Year, Licensee shall pay University for such year the higher of the applicable (i) Minimum Guarantees, or (ii) actual Royalties and Sub-License Royalties.

**5.6** Licensee shall continue to pay Royalties, and Sub-License Royalties in accordance with Clauses 5.1.2 and 5.3.2 above for as long as Net Sales Value is received by Licensee, Affiliates or Sub-Licensees) (respectively), and Sub-License Income is received by Licensee.

**5.7** If a court of competent jurisdiction in a particular territory, by a final decision of a court from which no further appeal or reconsideration can be taken, holds invalid any Prospective Patent or all of the relevant patent claims within a Prospective Patent, Licensee's obligation to pay Royalties corresponding to the Licensed Products) which is(are) covered solely by that patent or those claims, will cease as of the date of such decision in that jurisdiction and such territory will be excluded from the Territory as defined in Clause 1.21 insofar as the relevant Prospective Patent is concerned. Licensee, however, shall pay Royalties that accrued before that decision or that are based on all other patents or claims not involved in that decision. For the avoidance of doubt, if for a particular product any claim of a Prospective Patent is valid and covers that product, licensee's obligation to pay Royalties shall not cease. If for a particular product, no claim of any Prospective Patent is valid that covers that product, licensee's obligation to pay Royalties for that product in that jurisdiction shall cease. When Licensee's obligation to pay Royalties in any jurisdiction within the Territory ceases in respect of a Prospective Patent that is finally declared invalid, this Agreement is deemed to have terminated by expiry in respect of that Prospective Patent in that jurisdiction.

**6 Commercialization Report and Accounting for and Payment of Royalties and Maintenance of Records**

**6.1** Licensee shall, within ninety (90) days after the last day of June and December, send to University a commercialization report (which shall be the Information of Licensee) which comprises:

**6.1.1** a report for the preceding six (6) months period, except the first commercialization report as defined in Clause 6.2, to indicate development activities made, milestones achieved, activities performed towards the commercialization of the Invention, and

**6.1.2** a statement specifying income, fees and royalties payable to University, which shall include the quantities of Licensed Product produced, sold and sales price of Licensed Product sold or otherwise disposed of, the number of sub-licences granted to Sub-Licensees that include the right to market and sell Licensed Products and details of income/fees/royalties received from any Sub-Licensees and a calculation showing the income, fees and royalties due, and the statement shall be accompanied by a bankers' draft for (i) any amount over and above the Minimum Guarantees paid in advance for that year under Clause 5.4; (ii) the Sub-License Royalties payable under Clause 5.3.2; and (iii) the Sub-License Income payable under Clause 5.3.1. There shall be no cross-collateralization, no accounts shall be offset and no other adjustment shall be made between the Licensed Products or between territories, areas or countries of the Territory unless provided otherwise in this Agreement.

**6.2** The first commercialization report shall cover the period from Commencement Date to 31st December 2017. Each subsequent commercialization report should cover a period of six (6) months as stipulated in Clause 6.1.

**6.3** licensee also agrees to make and will cause its Sub-Licensees to make a written report to University within ninety (90) days after the date of termination or early termination of this Agreement, stating in such report the number, description and Net Sales Value of all Licensed Products produced, sold, or otherwise disposed of, and upon which royalties hereunder are payable but which were not previously reported to University.

**6.4** Licensee shall keep and will require its Sub-Licensees to keep during the Term and seven (7) years thereafter, records or accounts sufficient to enable accurate calculations of royalties due to University. University shall be entitled to appoint an independent auditor not employed by the University and reasonably acceptable to Licensee to determine the correctness of any royalty statement or royalties payable or paid hereunder. The cost of inspection by such auditor shall be borne by University unless the auditor's report indicates that Licensee has under-reported its sales of Licensed Product and/or receipt of fees/royalties from Sub-Licensees by more than five (5%) percent in which case Licensee shall bear the full cost of such audit. Such audit may only be conducted once per calendar year.

**7 Milestones**

Licensee agrees to use commercially reasonable efforts to meet the milestones as detailed in Schedule 3. In the event that Licensee does not use commercially reasonable efforts to meet any of the milestones, University may at its discretion elect to terminate the licence granted under Clause 2.1 with respect to the relevant Milestones of this Agreement pursuant to Paragraph 7 of Standard Terms and Conditions. No indulgence given by University on any particular occasion shall be deemed or construed as a waiver of its right to terminate this Agreement on future occasions.

**8 Prospective Patent**

**8.1** Subject to Clause 8.5, Licensee confirms and agrees that from the Commencement Date, it shall assume financial responsibility, as set forth In Clause 8.3, and shall continue to be financially responsible for and control the prosecution, defence from invalidation attacks and maintenance of any and all Prospective Patent within the Territory.

**8.2** University has applied for patent applications set forth in Schedule 2. University represents and warrants that (a) it solely owns the patent applications set forth in Schedule 2 and has obtained all rights from the inventors of the inventions claimed in such patent applications, (b) it has the right to grant the licence to the Licensee as granted under the Agreement, and (c) it has not granted any rights under the patent applications set forth in Schedule Z to a third party except rights in the prenatal field and an internal research licence (with no commercialization rights) to [***], as identified in Clause 2.4.3.

**8.3** Subject to Clause 8.1, Licensee agrees to (a) reimburse the University for all legal and government expenses to be incurred for the prosecution and maintenance of the Prospective Patent within the Invention within the Territory after the Commencement Date; and (b) pay for all costs and expenses involved in defending the relevant claims of the Prospective Patent from invalidation actions that may arise during the Term within the Territory. Said payments for undisputed amounts to be made to University within thirty (30) days upon presentation of invoice to Licensee. University shall cooperate with Licensee and join any enforcement action brought by Licensee at Licensee's request.

**8.4** University shall provide reasonable assistance to Licensee with respect to the prosecution, maintenance, and defence of the Prospective Patent. For avoidance of doubt, any patent applications and the subsequent grants, renewals, amendments or restorations of any patent or patent application listed in Schedule 2 that do not exist as of the Effective Date shall be treated as part of the Prospective Patent hereunder.

**8.5** Licensee may by at least ninety (90) days' advanced written notice terminate its financial responsibility for the expenses for the filing, prosecution, defence from invalidation attacks or maintenance of any of the Prospective Patent ("**Abandoned Patent**") in any of the Patent Jurisdiction ("**Abandoned Jurisdiction"**). The notice shall identify the Abandoned Patent, the Abandoned Jurisdiction and the date the termination is to take effect (which shall not be less than 96 days from the date of the service of the notice). The service of such notice on University shall constitute an irrevocable abandonment by Licensee of its licence hereunder in the Abandoned Patent, in the Abandoned Jurisdiction on the effective date stated in the said notice (**"Date of Abandonment"**) and the Abandoned Jurisdiction shall be excluded from the definition of "Territory" in Clause 1.21 and the licence granted in Clause 2, in each case, solely with respect to the Abandoned Patent. Upon issuing the notice, and without prejudice to the Licensee's obligations for the Abandoned Patent that have accrued up to the Date of Abandonment, Licensee shall have no further obligation, rights or interests with respect to the Abandoned Patent as from the Date of Abandonment, and University shall have the option to continue or not to continue prosecution, defence from invalidation attacks or maintenance of the Abandoned Patent at its own expense. University shall use all reasonable efforts to prepare or amend any patent applications to include claims reasonably requested by Licensee to protect the Licensed Products) contemplated or procedures to be practiced under this Agreement.

**8.6** University shall give one hundred and twenty (120) days' notice to Licensee of any desire to cease prosecution or maintenance of a particular Proprietary IPR or Prospective Patent and, in such case, shall permit Licensee, at Its sole discretion, to continue prosecution or maintenance at Licensee's own expense. If Licensee elects to continue prosecution or maintenance, University shall execute such documents and perform such acts, at Licensee's expense, as may be reasonably necessary to effect an assignment of such Proprietary IPR or Prospective Patent to Licensee. Any such assignment shall be completed in a timely manner to allow Licensee to continue such prosecution or maintenance. Any patents or patent applications so assigned shall not be considered Proprietary IPR or Prospective Patent for all purposes under this Agreement.

**9.9 Patent Infringement**

**9.1** It either Party learns of the infringement of a Prospective Patent, in any jurisdiction within the Territory, it shall so inform the other Party in writing, including any evidence of such infringement. University may not notify a third party of the infringement of a Prospective Patent, save for its legal advisers, without first obtaining written consent of Licensee, which consent shall not be unreasonably denied or delayed. Both Parties shall use their reasonable commercial efforts in cooperation with each other to terminate such infringement.

**9.2** Licensee shall have the sole right, but not the obligation, to institute, prosecute and control any action, suit or proceeding to enforce the Prospective Patent with respect to infringement of the Prospective Patent and to defend any declaratory judgment with respect thereto, in each case within the Territory ("Action"). University hereby agrees to assist and cooperate with Licensee, at Licensee's expense (including payment for University's expert's time, and other expenses so long as such expenses are properly documented), to enable Licensee to prosecute and maintain such Action. University's agreement to assist Licensee includes, at Licensee's reasonable request and when it is required by law, government regulation or court order, University's agreement to join or to procure its Affiliates to join as a nominal party to achieve sufficient legal standing for Licensee to prosecute and maintain such Action provided that, if University participates in the Action only as a nominal party, University shall have no responsibility (other than to join as a nominal party) nor be liable for any costs or expenses in relation to or arising from such Action. For clarity, such liabilities for costs or expenses shall be the responsibility of Licensee. If Licensee invites University or its Affiliates to take a more active role (other than as a nominal party) in an Action as a co-party, University shall have its sole discretion to decide joining or not and on terms to be agreed with Licensee on a case by case basis. Licensee shall have the right to settle any Action or consent to an adverse judgment thereto, in its sole discretion, except that Licensee may not settle such action by agreeing to the invalidation of a Prospective Patent or any claim therein without University's prior written consent. Any recovery obtained as a result of an Action, whether by judgment, award, decree or settlement, shall first be applied to reimbursement of Licensee's expenses in bringing such suit or proceeding (including any attorneys, expert and court fees), and the balance shall be considered to be Net Sales Value, and subject to the royalty payments at [***]% as set forth in Clause 5, and the remaining balance shall be recovered by Licensee as damages.

**9.3** Subject to Clause 9.2, if University commences or defends any suit or proceedings on its own account, University shall do so at its own expense. University shall have the right to settle any such action or consent to an adverse judgment thereto, in its sole discretion, except that University may not settle such action that may impair, damage or otherwise adversely affect the licence granted to Licensee under Clause 2.1, Licensee's use of such licence, any Licensed Product, or any of Licensee's rights/obligations hereunder, without Licensee's prior written consent, which consent may not be unreasonably withheld or delayed. Any recovery obtained as a result of such action, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suit or proceeding (including expert, attorneys and court fees), and the balance shalt be distributed between University and Licensee at a ratio of 65:35 in all cases which do not result in a sub-licence to a third party. If a suit or proceedings result in a sub-licence to a third party, then any recovery, whether by judgment, award, decree, or settlement, shall first be applied to reimbursement of University's expenses in bringing such suitor proceeding(including expert, attorneys and court fees), and the balance to be paid to Licensee, provided that such balance shall be shared between University and Licensee according to the provisions in Clause 5.3 herein.

**10 Notices and Payments**

**10.1** Any notices or communication given under this Agreement shall be in English, in writing and delivered by registered post, courier with package tracking capabilities, or by hand, to the Party at its postal address set out below or to such other address as may be notified in writing from time to time between the Parties. A notice or communication to University must specify the Agreement Number TC1711657 for identification. Any notices or communication given under this Agreement shall be deemed to be given at the time and date of receipted delivery to the relevant address.

To University: The Chinese University of Hong Kong
Room 301, Pi Ch'iu Building
Shatin, New Territories
Hong Kong SAR
Email:
Attn: Director, Office of Research and Knowledge Transfer Services

with a copy to: The Chinese University of Hong Kong
Shatin
New Territories
Hong Kong SAR
Attn: Professor Yuk Ming Dennis Lo
Department of Chemical Pathology

To Licensee: Cirina Limited
21st Floor, Edinburgh Tower
The Landmark, 15 Queen's Road,
Central, Hong Kong SAR
Attn: Dr. Yuk Ming Dennis Lo, Board Member

**10.2** All payments to be paid hereunder shall be made in reference to the Agreement Number TC1711657 for purpose of identification. All payments to University are to be made payable to "The Chinese University of Hong Kong", to be in Hong Kong Dollars and to be sent to the Director of Office of Research and Knowledge Transfer Services at the above address of University or by wire transfer to the following account:

Account Name: [***]
Account No.: [***]
Swift Code: [***]
Name of Bank: [***]

and shall be paid in full without any deductions, save for such tax as Licensee is legally bound to withhold, which amounts withheld shall be treated as if paid to University. Licensee shall provide reasonable assistance to University, free of charge, to recover any tax so withheld. If any currency conversion shall be required to make payment in a designated currency, such conversion shall be calculated using an exchange rate equal to the average of the applicable exchange rates published by the Wall Street Journal (*Internet Edition*) on the last day of each month for the four months preceding such payment.

**10.3** If any payment (save and except for the Licence issue Fee) due from Licensee under this Agreement is paid late, the Licensee shall be liable to pay interest on the amount of the late payment. The rate of interest referred to in this Clause 10.3 will be the annual rate of 2% above the prime lending rate of the Hong Kong and Shanghai Banking Corporation (as at the due date for payment) and interest shall accrue from the due date for payment until the date of actual receipt of payment.

**11.11 Miscellaneous**

**11.1** "Clause" means clauses in the main part of this Agreement and "Paragraph" means paragraphs in the Standard Terms and Conditions in Schedule 7.

**11.2** Heading to clauses and paragraphs are for convenience only and have no legal effect.

**11.3** Words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or incorporate.

**11.4** Any schedule to this Agreement is part of It and reference to this Agreement includes reference thereto. In the event that there is any inconsistency between the Standard Terms and Conditions and the remainder of this Agreement, the latter shall prevail.

**11.5** Each Party agrees to maintain in confidence the other Party's Information and not use such information for any purpose, or disclose such information to any third party, other than as expressly provided hereunder. The terms of this Agreement shall be deemed Information of both Parties under this Agreement and there shall be no public disclosure except with prior mutual agreement, unless as provided for in this Clause. In the event that a Party is required to publicly disclose the terms of this Agreement by any law, applicable securities exchange, supervisory, regulatory or governmental body (including, but not limited to, China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong) to which any Parry is subject to, the Party may disclose such term as reasonably necessary for the compliance of such court order, rule or regulation provided that the Party shall, where legally permissible, give prior written notice to the other Party and redact as much confidential information as is permitted under such rules and shall agree on all such redactions with the other Party prior to disclosure, except where such agreement may be

precluded by advice of legal counsel of a Party. Licensee may disclose the terms of this Agreement to a Sub-Licensee or potential Sub-Licensee, so long as such disclosure is made under a confidentiality agreement. Each Party may disclose and use Information of the other Party only if and to the extent such disclosure and use is reasonably necessary in the following instances:

**11.5.1** filing or prosecuting Proprietary IPR and Prospective Patent as permitted by this Agreement;

**11.5.2** prosecuting or defending litigation as permitted by this Agreement;

**11.5.3** disclosure to third parties in connection with due diligence or similar investigations by such third parties, and disclosure to actual and potential third party investors or partners, collaborators, joint venturers, provided, in each case, that any such third party agrees to be bound by reasonable obligations of confidentiality and non-use;

**11.5.4** in connection with legal proceedings relating to this Agreement;

**11.5.5** in connection with the exercise of its rights under this Agreement; and

**11.5.6** to employees, agents, officers, directors, auditors, advisers, partners, consultants, permitted sub-licensees, affiliates, subcontractors requiring confidential information for the purposes of performance of this Agreement on a need to know basis.

**IN WITNESS WHEREOF** this Agreement has been entered into on the day and year first above written.

| | | |
|---|---|---|
| SIGNED by | ) | |
| Name: Prof. Walter K K HO | ) | |
| Title: Director, Office of Research and Knowledge Transfer Services | ) | |
| for and on behalf of | ) | /s/ Walter K K Ho |
| **THE CHINESE UNIVERSITY OF HONG KONG** | ) | |
| in the presence of: Leung Kit Man | ) | /s/ Leung Kit Man |
| SIGNED by | ) | |
| Name: Maneesh Jain | ) | |
| Title: CEO | ) | |
| for and on behalf of | ) | /s/ Maneesh Jain |
| **CIRINA LIMITED** | ) | |
| in the presence of: Angela Wu | ) | /s/ Angela Wu |

**SCHEDULE 1**

STANDARD TERMS AND CONDITIONS (the "T&C's)

1. Ownership of Intellectual Property Rights

1.1 All rights, including Intellectual Property Rights, in the Invention not expressly granted to Licensee in this Agreement shall remain vested in University.

1.2 Licensee shall, at the request of University, execute any document necessary to effect University's title where applicable, to intellectual Property Rights in the Invention.

1.3 In the event that Licensee wishes to pursue intellectual property protection, including but not limited to patent application, for any Licensed Product, Licensee agrees to acknowledge, preserve and protect University's pre-existing Intellectual Property Rights, where applicable, in such Licensed Product.

2. Obligations of Licensee

2.1 Licensee is responsible for the quality and safety of its products.

2.2 Licensee shall use all reasonable efforts and diligence to exploit the Invention and to proceed with the development, manufacture and sale of Licensed Product and to use commercially reasonable efforts to develop markets for the Licensed Product.

2.3 Licensee will represent the Licensed Product fairly in comparison with competitive products from other suppliers.

2.4 Licensee shall not, on behalf of University, make any representations or give any warranties or guarantees in respect of the Proprietary IPR not expressly authorised in writing by University, provided that such authorization shall not be unreasonably delayed or withheld by University.

2.5 Licensee shall not market the Licensed Product under the name of University, and not in any way create any impression that University is the seller of the Licensed Product.

2.6 Licensee shall take all such steps as are reasonably necessary to protect Intellectual Property Rights in the Invention.

2.7 Licensee shall promptly inform University upon becoming aware of any illegal or unauthorised use of the Invention or any infringement of the Prospective Patent or Proprietary IPR and Intellectual Property Rights therein.

2.8 Licensee shall comply with all laws, regulations and governmental obligations that may from time to time be applicable to the making, use or sale of the Licensed Product in each part of the Territory.

2.9 As between Licensee and University and without limiting any responsibility of an Affiliate or Sub-Licensee, Licensee shall be solely responsible for any claims arising or alleged to arise from loss or injury to persons or property caused or suffered in the course of or as a consequence of the use of the Invention by Licensee, Affiliates and Sub-Licensees or the supply and sale of the Licensed Product by Licensee, Affiliates and Sub-Licensees except where such loss or injury are caused by the gross negligence or wilful misconduct of University.

2.10 Except as expressly set forth under this Agreement, Licensee shall use its best endeavours to keep the Invention confidential and not to reveal to any third party any confidential Information of University regarding the Invention until after a non-disclosure agreement has been signed, provided that no such obligation shall apply to any information that has been publicly disclosed through no breach of this Agreement by Licensee, including by publication of the Inventions by the applicable governmental agency, was in the possession of Licensee prior to disclosure by University, is obtained by Licensee from a third party, or is independently developed by Licensee. For clarity, Licensee's obligations to keep the Invention confidential do not apply to the extent Licensee, its Affiliate or Sub-Licensee discloses the Invention or any portion of the invention for purposes of obtaining regulatory approval for the Licensed Products, securing intellectual property on the Licensed Products or commercializing the Licensed Products.

2.11 To the extent prohibited by applicable law, Licensee shall not carry out any illegal, deceptive, or unethical practices, whether or not they are to the disparagement of the Invention, Licensed Product or University, or, subject to the foregoing in this Section 2.11, any other practices which may be detrimental to the invention, Licensed Product, University or to the public interest.

3. Restriction On Use of Name

No right or licences are granted by University to the Licensee expressly or by implication to use the name or any trademark, service mark, trade name or symbol of The Chinese University of Hong Kong or any of its employees in any public relations activities or other activities or in connection with any Licensed Product manufactured, used, or sold by the Licensee, or as part of its corporate name or Firm or trade name or for any other purpose without University's prior written consent. No right or licences are granted by Licensee to University expressly or by implication to use the name or any trademark, service mark, trade name or symbol of Licensee or any of its employees in any public relations activities or other activities or in connection with any Licensed Product or as part of its corporate name or firm or trade name or for any other purpose without Licensee's prior written consent.

4. Exclusion of Warranties

4.1 Except as expressly set forth under this Agreement, nothing in this Agreement shall be construed as a warranty or representation that anything made, used, sold, or otherwise disposed of under any licence granted in this Agreement is or will be free from infringement of any patent, copyright, trade mark or any other Intellectual property right of any third party.

4.2 Except as expressly set forth in this Agreement, neither party makes any representations and extends no warranties of any kind, either express or implied. In particular, but without limitation, there are no express or implied warranties of merchantability or fitness for a particular purpose, or the operation of the Invention under the Prospective Patent will be uninterrupted or error-free or any defects in the Invention will be corrected.

4.3 University does not assume any responsibility for any exploitation, use or any product produced, developed and manufactured in accordance with the Invention or for the sale

or use of the product processed, developed and manufactured by Licensee or Its Sub-Licensees nor shall University be deemed to make or have made any warranties of any nature whatsoever with respect to the Invention or any product processed, developed and manufactured under this Agreement.

5. Indemnity

5.1 Licensee shall defend, indemnity and hold harmless University (including its officers, directors, employees) from any and all claims, demands, actions, suits, damages, penalties, liabilities, judgements, cost or expenses (including legal fees) assessed against or incurred by University as a result of any claim or threatened claim made by any third party against University relating to the use of or other exploitation by Licensee in connection with the manufacture, use, provision or sale of or any other dealing in the Invention or Licensed Product by Licensee, its Affiliates and its Sub-Licensee, including breach of sub-licence by a Defaulting Sub-Licensee as provided for in Clause 4.6 even if the relevant sub-licence is terminated by Licensee.

5.2 To be eligible to be indemnified hereunder, the indemnified Party shall provide the indemnifying Party with prompt notice of the third party claim giving rise to the indemnification obligation pursuant to this Paragraph 5 and the exclusive ability to defend (with the reasonable cooperation of the indemnified Party) or settle any such claim. The indemnifying Party shall have no obligations with respect to any losses resulting from the indemnified Party's admission, settlement or other communication without the prior written consent of the indemnifying Party.

6. Limitation of liability

6.1 Except for liabilities arising from a Party's breach of its obligations of confidentiality, neither Party nor any of its Affiliates shall be liable to the other Party for any indirect, punitive or consequential damages or loss of profits, whether based on contract or tort, or arising under applicable law or otherwise. Except for liabilities arising from University of its obligations of confidentiality, University hereby excludes liability to Licensee and its Sub-Licensee for any and all losses or damage of any kind howsoever caused including losses of profits or other consequential or special losses arising from the use of or inability to use the Invention.

6.2 Without prejudice to Paragraph 6.1, University's liability to the Licensee for all losses or damage of any kind howsoever caused shall be limited to the aggregate total amount received by University from Licensee under this Agreement as at the date of such breach.

6.3 No action arising out of this Agreement may be brought by either Party more than one year after the cause of action has accrued and has come to the attention of the aggrieved.

7. Termination

7.1 The licences granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Paragraph 7 or relevant provisions of this Agreement, shall continue in force for the Term of Licence as detailed in Clause 3 and this Agreement and the licenses granted here under shall terminate automatically by expiry.

7.2 University shall be at liberty in every and any of the following events to terminate this Agreement in totality by written notice:

7.2.1 on failure by Licensee to meet the milestones as detailed in Schedule 3 which continues for at least thirty (30) days after University has given notices of that breach;

7.2.2 on failure by Licensee to make any undisputed payment to be paid hereunder for an aggregated amount not less than HK$ 100,00 (one hundred thousand) which continues for at least thirty (30) days after University has given written notice of that breach;

7.2.3 on any attempt by Licensee to assign or otherwise transfer any of its rights under this Agreement other than in accordance with the terms of this Agreement;

7.2.4 on cessation of Licensee's business relating to the exploitation of the Invention, unless such cessation is due to a permitted assignment or transfer of rights under this Agreement; or

7.2.5 if Licensee goes Into liquidation (other than for the purposes of amalgamation or reconstruction) or if a receiver is appointed of its assets and undertaking or any part of them or any distress execution or other analogous process shall be issued against any property of Licensee, and such execution or process is not dismissed within 90 days.

7.3 Licensee may terminate this Agreement by serving upon University 3 months' notice In writing of its intention to terminate this Agreement.

7.4 Either Party may terminate this Agreement by written notice if the other Party commits a material breach of this Agreement which continues for at least sixty (60) days after the non-defaulting Party has given written notice of that breach and the required remedy.

8. Effect of Termination

8.1 Paragraphs 1, 3, 4, 5, 6, 8, 11, 12, 13, 14, 15, 16, and 17 of the T&C's and Clauses 1, 4.4, 10, and 11 of the main part of the Agreement shall remain in force following termination or expiration.

8.2 On termination, the licence granted pursuant to this Agreement and all rights of Licensee under it shall forthwith cease and terminate without prejudice to any right of either Party which may have accrued up to the date of termination or remedy to sue and recover for any sum then due and to the remedy of either Party in respect of any previous breach of any provision contained in the Agreement.

8.3 Within a reasonable period of time after expiration or termination of this Agreement or the licences granted hereunder, each Party undertakes to return to the other Party all information and all copies thereof and information in any form containing or covering in any way any part of the Information in its possession and/or control or provide evidence of their destruction.

8.4 Licensee will pay up alt fees, expenses and payments accrued and payable to University up to the date of termination

9. Governmental Obligations

Upon request by University and at University's expense, Licensee agrees to take all reasonable action necessary on its part as licensee to allow University to satisfy its governmental obligations and other reporting requirements, if any, relating to the Invention and/or this Agreement.

10. Time and Force Majeure

10.1 Subject to any grace or cure periods and to the provisions of Paragraph 10.2 below, time shall be of the essence.

10.2 Neither Party shall be liable to the other for delay in performance of its obligations hereunder or deemed to be in breach of this Agreement due to causes beyond its control, including but not limited to acts of God, disease outbreaks, fires, strikes, acts of war, terrorist acts, or intervention by any governmental authority, and each Party will take steps to minimize any such delay. If such an event occurs, the time set by this Agreement for performance of that obligation by the relevant Party will be extended for the period by which performance Is prevented by the event PROVIDED THAT the other Party may terminate this Agreement by notice if such event continues for more than 180 days.

11. Severability

In the event that any provision or part of this Agreement is held to be invalid, illegal or otherwise unenforceable, this Agreement shall be deemed to be amended by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise to retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.

12. Waiver

No indulgence given by either Party to the other shall be deemed or construed as a waiver of its rights and remedies hereunder.

13. No Implied Partnership or Agency

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between the Parties and neither Party shall have the authority or power to bind the other Party or to contract in the name of and create a liability against the other Party.

14. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Hong Kong SAR, excluding conflict-of-law principles that would cause the application of the laws of any other jurisdiction.

15. Arbitration

15.1 The Parties shall attempt to resolve any dispute, controversy or claim ("Dispute") arising out of or in connection with this Agreement between them amicably. In the event that the Parties are unable to resolve any Dispute amicably within a period of ninety (90) days from the date of a Party's notice of such Dispute to the other Parties, such Dispute, including any dispute with respect to the validity or existence of this Agreement or any provision hereof, shall be settled by arbitration in Hong Kong under the Hong Kong International Arbitration Centre ("HKlAC") Administered Arbitration Rules in force from time to time and as may be amended.

15.2 The number of arbitrators shall be three. Each Party shall be entitled to appoint one arbitrator. The third arbitrator shall be appointed by HKIAC. All arbitration proceedings shall be conducted in the English language.

15.3 The arbitration shall be final and binding upon the Parties.

Notwithstanding the foregoing, the Parties agree that each Party shall have the right to seek interim injunction or other interim or conservatory measures from any court of competent Jurisdiction, and this shall not be deemed or construed as incompatible with, or operate as a waiver of, the foregoing agreement to arbitrate.

16. Assignment

Licensee shall not assign, mortgage, charge or otherwise transfer any rights and obligations under so will be null and void), without the prior written consent of this Agreement (and any attempt to do University, except that each Licensee may, without the prior written consent of University, assign or otherwise transfer this Agreement to a successor to all or substantially all of its assets or business that pertain to this Agreement, whether by merger, operation of law, sale, or otherwise, provided that such successor agrees in writing to be bound by the terms and conditions of this Agreement.

17. Entire Agreement

17.1 This Agreement, including its Schedules, constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, representative statements, negotiations and understandings concerning the subject matter of this Agreement and University hereby excludes any implied terms which may be excluded by contract to the maximum extent permissible under applicable law.

17.2 Amendments or changes to this Agreement must be in writing and signed by duly authorized representatives of the Parties.

**SCHEDULE 2**

DESCRIPTION OF INVENTION

| **University Ref No./ Disclosure Form Title** | Prospective Patent |
|---|---|
| **1.07/MED/244** | Australian Patent Application No. 2008278839 (issued as Australian Patent No. 2008278839); |
| | Canadian Patent Application No. 2694007; |
| **Determining a Nucleic Acid Sequence Imbalance** | Chinese Patent Application No. 200880108128.3 (issued as Chinese Patent No. ZL200880108126.3); |
| | European Patent Application No. 08776038.5; |
| | Japanese Patent Application No. 2010.517480 (issued as Japanese Patent No. 5519500); |
| | Korean Patent Application No. 10-2010-7003906 (issued as Korean Patent No. 101646978); |
| | US Non-provisional Patent Application No. 12/178,116 (issued as US Patent No. 8,706,422); |
| | Hong Kong Patent Application No. 10110584.9; |
| | European Divisional 1 Patent Application No. 12180122.9; |
| | European Divisional 2 Patent Application No. 92180129.4 (issued as European Patent No. 2557518 and validated in France, Germany and Great Britain); |
| | European Divisional 3 Patent Application No. 12180133.6; |
| | European Divisional 4 Patent Application No. 12180138.5; |
| | Australian Divisional 4 Patent Application No. 2013202132 (issued as Australian Patent No. 2013202132); |
| | Australian Divisional 3 Patent Application No. 2013202141 (issued as Australian Patent No. 2013202141); |
| | Australian Divisional 2 Patent Application No. 2013202160 (issued as Australian Patent No. 2013202160); |
| | Australian Divisional 1 Patent Application No. 2013202157 (issued as Australian Patent No. 2013202157); |
| | Hong Kong Divisional 1 Patent Application No. 13109377.9; |
| | Hang Kong Divisional 2 Patent Application No. 13109380.4; |
| | Hong Kong Divisional 3 Patent Application No. 13109379.7; |
| | Hong Kong Divisional 4 Patent Application No. 13109427.9; |
| | US Divisional 1 Patent Application No. 14/030,904; |
| | Japanese Divisional 1 Patent Application No. 2013-267526; |
| | Chinese Divisional 1 Patent Application No. 201410052009.7; |
| | Chinese Divisional 2 Patent Application No. 201410051659.X; |
| | Chinese Divisional 3 Patent Application No. 201410051950.7; |
| | Macau Patent Application No. J/001408 (issued as Macau Patent No. J/001408); |
| | Hong Kong Patent Application No. 14112444.1; |
| | Australian Divisional 5 Patent Application No. 2015271883 |
| | Japanese Divisional 2 Patent Application No. 2016-131552; and |
| | Korean Divisional 1 Patent Application No. 10-2016-7021211 |
| | Korean Divisional 2 Patent Application No. 10-2016-7021212 |
| | Korean Divisional 3 Patent Application No. 10-2016-7021213 |
| | Korean Divisional 4 Patent Application No. 10-2016-7021214 |

| | |
|---|---|
| **2.01/MED/070** | US Patent Application No. 10/057,579 (issued as US Patent No. 6,753,137)<br>European Patent No. EP1356124B1 |
| **Gastric Disease Detection System** | |
| **3.12/MED/485** | US Provisional Application No. 60/951,438; US Divisional Patent Application No. 15/474,995 (CUHK Ref. 12/MED/465 US Div 1) |
| **Diagnosing Cancer Using Genomic Sequencing** | Chinese Patent Application No. 201710089355.6 (CUHK Ref. 12/MED/465 CN Div 1) and Chinese Patent Application No. 201710103299.7 (CUHK Ref. 12/MED/465 CN Div 2) |

**SCHEDULE 3**

MILESTONES

Refer to Schedule 3 of license agreement TC1510006.

**LEASE**

**BY AND BETWEEN**

**MENLO PREHC I, LLC, a Delaware limited liability company,**
**MENLO PREPI I, LLC, a Delaware limited liability company, and**
**TPI INVESTORS 9, LLC, a California limited liability company, LESSOR**

**AND**

**GRAIL, INC., a Delaware corporation, LESSEE**

**Menlo Business Park**

**1525 O'Brien Drive**

**Menlo Park, California 94025**

**May 5, 2016**

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**LEASE**

Menlo Business Park
1525 O'Brien Drive
Menlo Park, California 94025

THIS LEASE, referred to herein as this "Lease," is made and entered into as of May 5, 2016, by and between MENLO PREHC I, LLC, a Delaware limited liability company, MENLO PREPI I, LLC, a Delaware limited liability company, and TPI Investors 9, LLC, a California limited liability company, hereafter collectively referred to as "Lessor," and GRAIL, INC., a Delaware corporation, hereafter referred to as "Lessee."

**RECITALS**

Lessor is the owner of the real property located in Menlo Business Park, Menlo Park, California, commonly referred to as 1525 O'Brien Drive, Menlo Park, California, more particularly described on Exhibit "A" attached hereto and incorporated by reference herein, together with all easements and appurtenances thereto (collectively, the "Land") and the existing buildings thereon, containing approximately Seventy-Four Thousand Three Hundred (74,300) rentable square feet, and all other improvements located thereon (collectively, the "Improvements"). The Land and Improvements are referred to herein collectively as the "Property." The Menlo Business Park Master Plan is attached hereto as Exhibit "B" and incorporated by reference herein, and identifies the properties that comprise the Menlo Business Park (the "Park" or "Menlo Park"). The building at 1525 O'Brien Drive, Menlo Park, California is referred to herein as the "Building." The floor plan of the Building is attached hereto as Exhibits "C-1" and "C -2" and incorporated by reference herein.

Lessor and Lessee wish to enter into this Lease of the Premises defined in Paragraph l upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Lease. Subject to the phased delivery of the Premises set forth in Paragraph 2(c) below, beginning on the Phase 1 Commencement Date (as defined in Paragraph 2(c)) as to the Phase I Space (as designated in Exhibit "C-1" attached hereto) and Phase 2 Commencement Date (as defined in Paragraph 2(c)) as to the Phase 2 Space (as designated in Exhibit "C-2" attached hereto), Lessor hereby leases to Lessee, and Lessee leases from Lessor, at the rental rate and upon the terms and conditions set forth herein, approximately 71,239 rentable square feet of the Building as identified in Exhibits "C-1" and "C-2" attached hereto (the "Premises" or "Leased Premises"), together with the right to use three (3) on-site parking spaces per one thousand rentable square feet of the Premises (rounded to the closest whole number) in accordance with Paragraph 28, and the non-exclusive right to use the common areas of the Building intended for use in common by the tenants of the Building ("Building Common Areas") and the common areas and other Improvements on the Property intended for use in common by the tenants of the Property ("Property Common Areas"). The Building Common Areas are shown on Exhibits "C-1" and "C-2". The Building Common Areas and the Property Common Areas are collectively referred to herein as the "Common Areas." Lessee's Pro Rata Share of the Building shall mean

23.904% as to the Phase 1 Space, and 95.88% as to the entire Premises. The Premises have been measured in accordance with BOMA standards. Lessor and Lessee agree that the rentable square footage of the Building shall not be subject to remeasurement. The square footage of the Premises set forth in this Lease are deemed to be accurate and shall not be subject to remeasurement.

(a) If Lessee is not in default beyond applicable notice provision and cure periods and occupies more than fifty percent (50%) of the Premises, Lessee shall have an ongoing right of first offer ("ROFO"), subject to the rights of tenants within the Menlo Business Park with leases executed prior to the date of this Lease, to lease all or any portion of the ROFO Space (as hereafter defined). The "ROFO Space" shall mean the remaining space in the Building, and space within 1605 Adams Drive and 1505 O'Brien, which are located in the Menlo Business Park, which are not leased as of the date of this Lease, or which becomes available for lease subsequent to the date of this Lease. Lessor represents that the only existing superior rights to lease any of the ROFO Space are listed in Schedule 1(a) attached hereto. If, during the Term (including any Option Term), any ROFO Space becomes available for direct lease during the Term of the Lease, then Lessor shall first offer to lease such space to Lessee by delivering written notice to Lessee (the "Availability Notice"). Such ROFO, however, shall be an ongoing right as to the ROFO Space offered during the term of the Lease. The Availability Notice shall set forth the terms upon which Lessor would be willing to lease such space to a third party, as determined by Lessor in its sole discretion. Lessee shall have ten (10) days after receipt of the Availability Notice to unconditionally accept in writing or reject the terms set forth in the Availability Notice, it being understood that Lessee's failure to respond within such ten (10) day period shall be deemed a rejection of such terms.

If Lessee does not unconditionally accept in writing the terms set forth in the Availability Notice within such ten (10) day period, then Lessor shall be entitled to lease the Available Space to any other party substantially the same terms as contained in the Availability Notice (as such terms may be modified during the Waiting Period) provided that the net aggregate of the rental rate and the landlord build-out obligations, tenant improvement allowance, and free rent, if any, shall be no less desirable than originally offered to Lessee in the Availability Notice. Lessor's requirement to lease to a third party under substantially the same terms as presented in the Availability Notice will be in effect for six (6) months from Lessor's delivery of the Availability Notice after which Lessee shall continue to have a ROFO on such space. If Lessee accepts in writing the terms set forth in the Availability Notice, then for the period starting on the date of Lessor's delivery of the Availability Notice to Lessee and ending thirty (30) days thereafter (the "Waiting Period"), Lessor shall not negotiate with another party or enter into any binding agreement to lease the available space with any other party or market the available space for lease. During the Waiting Period, Lessor and Lessee shall enter into good faith negotiations to finalize and execute a written amendment to this Lease or a new lease (a "Definitive Agreement"), consistent with the terms set forth in the Availability Notice and otherwise on the non-economic terms and conditions of this Lease. If Lessee and Lessor fail to execute and deliver a Definitive Lease Agreement within the Waiting Period, then Lessee's rights under this Paragraph shall lapse and terminate as to such offered ROFO Space, and Lessor shall be entitled to lease such space to any other party on such term as Lessor desires. Furthermore, unless

expressly mentioned and approved in the written consent of Lessor to any assignment or subletting as provided in this Lease, the ROFO under this Paragraph is granted for the personal benefit of Grail, Inc. and any Permitted Transferee of Grail, Inc. and may not be exercised any other person or entity or for the occupancy of any other person or entity other than Grail, Inc. or any Permitted Transferee. Such ROFO space shall be leased coterminous with the Term of this Lease (including renewals). Notwithstanding the foregoing, the ROFO on the existing buildings at 1605 Adams Drive and 1505 O'Brien Drive are subject to Lessor's election to redevelop those buildings. If Lessor elects to redevelop other buildings, Lessee shall have such ROFO right on the redeveloped buildings.

(b) Lessor and Lessee acknowledge that Lessor may (but is not obligated to) construct a new building ("Lot 3 North") at the site with the current address of 1315 O'Brien Drive, Menlo Park, CA. Subject to the existing superior rights listed in Schedule 1(b) attached hereto [, and if Lessee is not in default beyond applicable notice and cure periods and occupies more than fifty percent (50%) of its Premises, if, during the Term, any space in Lot 3 North becomes available for direct lease for the first time, then Lessor shall first offer to lease such space to Lessee by delivering written notice to Lessee (the "Availability Notice"). Such right of first offer, however, shall be a one-time right as to Lot 3 North, not a recurring right. The Availability Notice shall set forth the terms upon which Lessor would be willing to lease such space to a third party, as determined by Lessor in its sole discretion. Lessee shall have ten (10) days after receipt of the Availability Notice to unconditionally accept in writing or reject the terms set forth in the Availability Notice, it being understood that Lessee's failure to respond within such ten (10) day period shall be deemed a rejection of such terms. If Lessee does not unconditionally accept in writing the terms set forth in the Availability Notice within such ten (10) day period, then Lessor shall be entitled to lease the Available Space to any other party substantially the same terms as contained in the Availability Notice (as such terms may be modified during the Waiting Period) provided that the net aggregate of the rental rate and the landlord build-out obligations, tenant improvement allowance, and free rent, if any, shall be no less desirable than originally offered to Lessee in the Availability Notice. Lessor's requirement to lease to a third party under substantially the same terms as presented in the Availability Notice will be in effect for ninety (90) days from Lessor's delivery of the Availability Notice after which Lessee shall continue to have a ROFO on such space; provided that once Lessor leases such space to any other party after compliance with this paragraph, Lessee's rights under this Paragraph shall lapse and terminate as to such offered ROFO Space. If Lessee accepts in writing the terms set forth in the Availability Notice, then for the period starting on the date of Lessor's delivery of the Availability Notice to Lessee and ending thirty (30) days thereafter (the "Waiting Period"), Lessor shall not negotiate with another party or enter into any binding agreement to lease the available space with any other party or market the available space for lease. During the Waiting Period, Lessor and Lessee shall enter into good faith negotiations to finalize and execute a written amendment to this Lease or a new lease (a "Definitive Agreement"), consistent with the terms set forth in the Availability Notice and otherwise on the non-economic terms and conditions of this Lease. If Lessee and Lessor fail to execute and deliver a Definitive Lease Agreement within the Waiting Period, then Lessee's rights under this Paragraph shall lapse and terminate as to such offered ROFO Space, and Lessor shall be entitled to lease such space to any other party on such term as Lessor desires. Furthermore, unless expressly mentioned and

approved in the written consent of Lessor to any assignment or subletting as provided in this Lease, the ROFO under this Paragraph is granted for the personal benefit of Grail, Inc. and any Permitted Transferee of Grail, Inc. and may not be exercised any other person or entity or for the occupancy of any other person or entity other than Grail, Inc. or any Permitted Transferee. Such ROFO space shall be leased coterminous with the Term of this Lease (including renewals). Lot 3 North is owned by Lessor's affiliates ("Other Landlords"). By their execution at the end of this Lease, the Other Landlords acknowledge Lessee's Right of First Offer rights with respect to Lot 3 North.

(c) Lessee shall have the right, without rental or other charge, to install, operate and maintain supplemental HVAC equipment and/or telecommunications antennas, microwave dishes and other communications equipment (collectively, "Antenna Equipment") on the roof of the Building immediately above the Premises. Lessor shall have the right to approve the installation of the Antenna Equipment, and Lessor's approval shall not be unreasonably withheld or delayed, but may be conditioned in Lessor's sole but reasonable opinion. In the event the Antenna Equipment installation requires penetrating the roof of the Building, then Tenant agrees to utilize a roofing contractor reasonably approved by Lessor. Tenant shall not damage the roof during such installation. The Antenna Equipment shall be used by Lessee for use in Lessee's business operations, and Lessee shall not have the right to permit third parties unrelated to Lessee to use or install Antenna Equipment (e.g., telephone companies). Such use shall be subject to receipt of all required governmental approvals and shall not interfere with the Building Systems. Lessee shall pay for damage to the roof area to which Antenna Equipment is installed or to roof area utilized as access Antenna Equipment. The location of Antenna Equipment shall be mutually acceptable to both Lessor and Lessee. Lessee acknowledges that Lessor may decide, in its sole discretion, from time to time, to repair or replace the roof of the Building (hereinafter "Roof Repairs"). If Lessor elects to make Roof Repairs, Lessee shall, upon Lessor's request, temporarily remove Antenna Equipment so that the Roof Repairs may be completed. The cost of removing and reinstalling the Antenna Equipment shall be paid by Lessee, at Lessee's sole cost and expense. Lessor shall not be liable to Lessee for any damages, lost profits or other costs or expenses incurred by Lessee as the result of the Roof Repairs. On the termination of this Lease, Lessee shall remove the Antenna Equipment and all associated cabling and repair any damages caused thereby, at Lessee's sole cost and expenses.

(d) Except hereinafter provided, Lessor shall retain absolute dominion and control over the Property Common Area. Lessor shall operate and maintain the Common Area in good order and condition; provided, however, such right shall not materially adversely affect Lessee's access to the Premises nor shall it operate to otherwise materially adversely affect Lessee's beneficial use and enjoyment of the Premises for Lessee's permitted use. Notwithstanding anything to the contrary herein, Lessor grants Lessee, its employees, invitees, licensees, and other visitors a non-exclusive license to use the Common Area for the Term hereof. Subject to Lessee's rights in Section 15(d) below, Lessee acknowledges that, with no less than forty-five (45) days written notice to Lessee, and without any liability to Lessee in any respect so long as Lessee's access to the Premise or Lessee's parking or permitted use is not materially adversely affected, Lessor shall have the right to:

(i) Close off any of the Common Area to whatever extent required, in the opinion of Lessor, to prevent a dedication of any of the Common Area or the accrual of any rights by any person or the public to the Common Area;

(ii) Temporarily close any of the Common Area for maintenance, alteration or improvement purposes;

(iii) Select, appoint or contract with any person for the purpose of operating and maintaining the Property Common Area, on such terms and conditions as Lessor deems reasonable;

(iv) Change the size, use, shape or nature of any such Property Common Area, or the entry Common Area of the Building, without incurring any liability to Lessee or entitling Lessee to any abatement of Rent;

(v) Expand any buildings (other than the Building) within the Property to cover a portion of the Property Common Area, convert the Property Common Area to a portion of other buildings within the Property, or convert any portion of any other buildings within the Property to Property Common Area; provided, however, that Lessee's proportionate share shall not increase (except to a de minimis extent). Upon erection of any buildings or change in Property Common Area, the portion of the other buildings upon which such structures have been erected will no longer be deemed to be a part of the Property Common Area; and

(vi) In addition to the other rights of Lessor under this Lease, Lessor reserves to itself and its respective successors and assigns the right to: (i) change the street address and/or name of the Building and/or Property (provided, however, that in no event shall the name of the Building be changed to a name of any entity that is a competitor of Lessee); (ii) erect, use and maintain pipes and conduits in and through the Premises; provided that such pipes and conduits shall not be visible from the interior of the Premises and in no event shall the usable area of the Premises be diminished by other than a *de minimis* amount, and provided that the location of such pipes and conduits within the laboratory areas of the Premises be subject to Lessee's reasonable approval; (iii) grant to anyone the exclusive right to conduct any particular business or undertaking in the Property provided that Lessee shall not be bound thereby; (iv) grant to anyone the exclusive use of portions of any storage areas to tenants; (v) control the use of the roof and exterior walls of other buildings in the Property; (ii) change the boundary lines of the lot on which the Building stands and/or Property is located and to make other reasonable changes therein and grant other rights thereto, including, without limitation, the granting of easements, servitudes, rights of way and rights of ingress and egress and similar rights to users of adjacent parcels, utility companies, governmental agencies or other tenants so long as Lessee's access to the Property and Building is not materially changed; and (iii) make alterations, repairs or replacements within other premises within the Building or Property. Subject to the terms of this Paragraph, Lessor may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction or disturbance or interruption of the business of Lessee or Lessee's use or occupancy of the Premises.

2. Term.

(a) The term of this Lease (the "Term") shall commence as to the Phase 1 Space (as defined in the Work Letter attached hereto as Exhibit "F) on the earlier of (i) the date that Lessor delivers the Phase 1 Space to Lessee with the Phase 1 Landlord Work (as defined in the Work Letter) and the Phase 1 Tenant Improvements (as defined in the Work Letter) Substantially Completed (as defined in the Work Letter) (the "Phase 1 Commencement Date"), and (ii) the date such work would have been Substantially Completed but for the occurrence of Tenant Delays (as defined in the Work Letter). The Phase 1 Commencement Date shall be confirmed in writing by Lessor and Lessee by the execution and delivery of a factually correct Phase 1 Commencement Memorandum in the form attached hereto as Exhibit "D-1". The parties currently expect the Phase 1 Commencement Date to occur by September 21, 2016. Lessee's access to the Phase 1 Space until the Phase 2 Commencement Date (as defined in Paragraph 2(b)), is subject to Paragraph 13.

(b) The term of this Lease (the "Term") shall commence as to the Phase 2 Space (as defined in the Work Letter) on the earlier of (i) the date that Lessor delivers the Phase 2 Space to Lessee with the Phase 2 Landlord Work (as defined in the Work Letter) and the Phase 2 Tenant Improvements (as defined in the Work Letter) Substantially Completed (as defined in the Work Letter) (the "Phase 2 Commencement Date"), and (ii) the date such work would have been Substantially Completed but for the occurrence of Tenant Delays . The Phase 2 Commencement Date shall be confirmed in writing by Lessor and Lessee by the execution and delivery of a factually correct Phase 2 Commencement Memorandum in the form attached hereto as Exhibit "D-2". The parties currently expect the Phase 2 Commencement Date to occur by January 25, 2017. In the event the Phase 2 Commencement Date does not occur by January 25, 2017 because of a Lessor Delay" (as hereafter defined), Base Rent shall abate after the Phase 2 Commencement Date for the number of days between January 25, 2017 and the Phase 2 Commencement Date for up to a total of sixty (60) days and thereafter shall abate by twice the number of days until the Phase 2 Commencement Date occurs.

If the Phase 2 Commencement Date does not occur by July 8, 2017 because of a Lessor Delay, Lessee shall have the option to terminate this Lease at any time until the Phase 2 Commencement Date occurs. "Lessor Delay" shall mean any delay that is not a Tenant Delay or a Force Majeure Event (as defined in Paragraph 36 (g)) which is caused by Lessor and is within the control of Lessor. Upon such termination, neither party shall have further obligation under the lease, except for those provisions of the Lease that expressly survive termination of the Lease, and Tenant shall be entitled to the return of the Letter of Credit and any advance rent paid to Landlord. Such rent abatement and/or right of termination shall constitute Lessee's sole remedy for a delay in delivery of possession of the Premises and commencement of the term of this Lease.

(c) Lessee shall have the option to lease from Lessor on a month-to-month basis on the terms set forth in this Paragraph approximately 9,121 rentable square feet of office space within the second floor of 1505 O'Brien Drive which is adjacent to the Building and 525 O'Brien Drive (the "Temporary Space"). Lessee may exercise such option by written notice to Lessor delivered no later than October 1, 2016. The month to month lease for the Temporary Space shall

be: (i) on a full service basis at $4.50 per rentable square foot per month; (ii) on the terms set forth in the form of month to month lease attached as Exhibit "I"; (iii) with an early access date of Nov 1, 2016 for the purpose of setting up furniture, equipment and IT; and (iv) rent commencement as of January 1, 2017.

(d) The Term of this Lease shall expire, unless sooner terminated in accordance with the provisions hereof or as permitted by law, on the last day of the one hundred twentieth (120th) full calendar month after the Phase 1 Commencement Date.

(e) Lessee shall have one (1) option to extend the Term of this Lease ("Extension Option") beyond the expiration of the Term for an additional period of sixty (60) months ("Extended Term") by giving Lessor written notice of such election ("Option Exercise Notice") not earlier than eighteen (18) months nor later than twelve (12) months prior to the expiration of the Lease Term. If Lessor does not receive the Option Exercise Notice within the time period provided above, all rights under the Extension Option shall terminate. Lessee shall have no right to exercise the Extension Option notwithstanding any provision in the grant to the contrary if Lessee does not then occupy more than fifty percent (50%) of the Premises or while Lessee is in default of this Lease after any applicable notice and cure period. The Extended Term shall be on the same terms and conditions as contained in this Lease except that (i) there shall be no further right to extend the Lease beyond the Extended Term, (ii) there shall be no initial rent concessions, tenant improvement allowance or obligation of Lessor to construct tenant improvements, and (iii) Monthly Base Rent during the Extended Term shall equal the Fair Market Rental Rate determined in accordance with this Paragraph. Lessor and Lessee agree to negotiate in good faith to determine the Monthly Base Rent based on the Fair Market Rental Rate within fifteen (15) days following the Notice Date. "Fair Market Rental Rate" shall mean the net effective rental rate per rentable square foot of the Premises taking into consideration the terms and conditions, including free rent, tenant improvement allowances, brokerage commissions, base years, construction time and all other lease concessions (an adjustment to the applicable Fair Market Rental Rate shall be made on a basis consistent with the adjustments commonly made in the market for comparable differences in concession packages), which non-renewing, non-equity tenants are receiving in an arm's length lease transaction for non-sublease space for an approximate sixty (60) month lease term in connection with the lease of comparable laboratory/office buildings in Menlo Park, California, as applicable including all relevant terms such as age, quality size, location, services, amenities, quality of construction and appearance. Subject to any confidentiality agreements, Lessor shall disclose to Lessee all relevant information concerning comparable transactions in the Park. If the parties are unable to agree upon the Monthly Base Rent for the Extended Term within thirty (30) days following the Notice Date ("Outside Agreement Date"), then each party shall submit to the other party a separate written determination of the Fair Market Rental Rate within fifteen (15) business days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with the provisions below. Within fifteen (15) days thereafter, each party, at its own cost and by giving written notice to the other party, shall appoint a real estate appraiser with at least ten (10) years' full-time commercial real estate appraisal experience in San Mateo County. If a party does not appoint an independent appraiser on or before such fifteen (15) day period and if such failure continues for three (3) business days after written notice from the other party of such failure, then

the single appraiser appointed shall be the sole appraiser. If there are two (2) appraisers appointed by the parties as stated above, the appraisers shall promptly meet. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Rental Rate is the closer to the actual Fair Market Rental Rate as determined by the arbitrators, taking into account the requirements with respect thereto set forth above. The two (2) arbitrators so appointed shall, within fifteen (15) days of the date of the appointment of the last appointed arbitrator, agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators. The three (3) arbitrators shall, within thirty (30) days of the appointment of the third arbitrator, reach a decision as to which of Landlord's or Tenant's submitted Fair Market Rental Rate is closer to the actual Fair Market Rental Rate and shall select such closer determination as the Fair Market Rental Rate and notify Landlord and Tenant thereof. If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, within the time period provided above, then the parties shall mutually select the third arbitrator. If Landlord and Tenant are unable to agree upon the third arbitrator within ten (10) days after the fifteen (15) day period described above, then either party may, upon at least five (5) days' prior written notice to the other party, request the Presiding Judge of the San Mateo County Superior Court, acting in his private and nonjudicial capacity, to appoint the third arbitrator. Following the appointment of the third arbitrator, the panel of arbitrators shall within thirty (30) days thereafter reach a decision as to whether Landlord's or Tenant's submitted Fair Market Rental Rate shall be used and shall notify Landlord and Tenant thereof. No appraiser shall be employed by, or otherwise be engaged in business with or affiliated with, Landlord or Tenant. No appraiser shall have the power to change any provision of this Lease or to make any determination except as to Monthly Base Rent (and other components of the Fair Market Rental Rate) for the Extended Term in accordance with this Paragraph. The foregoing determination of Fair Market Rental Rate for the Extended Term shall be binding on Lessor and Lessee. The foregoing option to extend the term of the Lease for the Extended Term is personal to Grail, Inc. or a Permitted Transferee of Grail Inc. and may not be exercised or assigned, voluntarily or involuntarily, by or to any other person or entity or exercised for the occupancy of any other person or entity.

3. Early Access. Subject to Paragraph 13, Lessor shall permit Lessee to have access to Phase 1 Space during the thirty (30) days prior to the Phase 1 Commencement Date and access to Phase 2 Space during the thirty (30) days prior to the Phase 2 Commencement Date for the purpose of installing wiring, cabling, furniture and equipment in the Premises; provided that such access shall not interfere with Substantial Completion of Landlord Work and Tenant Improvements as to the portion of the Premises then under construction. Lessor shall use commercially reasonable efforts to provide such early access to that portion of the Phase 1 Space consisting of the Pre & Post PCR BSL2 and Accessioning areas as indicated on Exhibit "F-1". If Lessee's early access interferes with Substantial Completion of Landlord Work or the Tenant Improvements, Lessor may terminate Tenant's early access by 24 hours' written notice to Lessee until such interference is stopped. Base Rent and Operating Expenses shall not be payable during any early access period, but such early access shall be at Lessee's sole risk and subject to all the other provisions of this Lease, including without limitation prior delivery to Lessor of insurance certificates evidencing that Lessee has obtained the insurance required pursuant to this Lease. Lessee shall not conduct its business in the Premises at any time during this early access period.

In addition to the foregoing, Lessor shall have the right to impose such reasonable additional conditions on Lessee's early access as Lessor shall deem appropriate.

4. Monthly Base Rent.

(a) Commencing on dates indicated below and continuing on the first day of each calendar month thereafter until the end of the Term, Lessee shall pay to Lessor in monthly installments in advance the Monthly Base Rent for the Premises in lawful money of the United States as follows:

| Months | Square Feet | $/SF/Mo./NNN | Monthly Base Rent |
|---|---|---|---|
| 1-3 | 18,000/Phase 1 Space | $0 | $0 |
| 4-Phase 2 Commencement Date (" P2 CD") | 18,000 | $4.25 | $76,500.00 |
| P2 CD - 24 | 71,239 | $4.25 | $302,766.00 |
| 25-36 | 71,239 | $4.38 | $312,027.00 |
| 37 - 48 | 71,239 | $4.51 | $321,288.00 |
| 49 - 60 | 71,239 | $4.64 | $330,549.00 |
| 61 - 72 | 71,239 | $4.78 | $340,522.00 |
| 73 - 84 | 71,239 | $4.93 | $351,208.00 |
| 85 - 96 | 71,239 | $5.07 | $361,182.00 |
| 97 - 108 | 71,239 | $5.23 | $372,580.00 |
| 109 - 120 | 71,239 | $5.38 | $383,266.00 |

Upon the execution and delivery of this Lease by Lessee, Lessee shall pay to Lessor (1) the cash sum of Seventy-Six Thousand Five Hundred Dollars ($76,500.00) representing the installment of Monthly Base Rent due for the fourth month following the Phase 1 Commencement Date. If the Phase 1 Commencement Date or the Phase 2 Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid rent shall be credited to the partial first calendar month of the term and partially to the following month's rent. Thereafter, Monthly Base Rent shall be paid monthly in advance on the first day of each calendar month. Lessee shall also pay to Lessor upon execution and delivery of this Lease, the amount of Sixty-Nine Thousand Six Hundred and Four Dollars ($69,604.00), which amount shall be applied to the Additional Rent (as hereinafter defined) for the first calendar month of the Term. Lessee shall also deliver to Lessor upon the execution and delivery of this Lease the letter of credit in the amount of the Security Deposit (as defined in Paragraph 7 below).

5. Additional Rent; Operating Expenses and Taxes.

(a) In addition to the Monthly Base Rent payable by Lessee pursuant to Paragraph 4, commencing on the Phase 1 Commencement Date Lessee shall pay to Lessor, as "Additional Rent," (1) Lessee's Pro Rata Share of the Operating Expenses of the Property, (2) Lessee's pro rata share of the operating expenses for the Park of which the Property is a part (the "Park Expenses"), and (3) Lessee's Pro Rata Share of the Taxes (as defined in Paragraph 5(c) below). Lessee's pro rata share of the operating expenses of Menlo Business Park is 7.78%, based upon

the ratio of the number of square feet of the Land allocable to the Property (3.68 acres) to the total number of square feet of land in Menlo Business Park (47.30 acres), as shown on Exhibit "B." The Park Expenses currently include maintenance of the common areas of Park, parking lot lighting (cost of electricity and maintenance of the fixtures), maintenance of the network conduit, all landscape maintenance and irrigation of the Park, Lessor's insurance coverages of the Park, and security patrol. The Park Expenses may include other commercially reasonable and customary items from time to time during the term of this Lease that would not be a cost excluded from the definition of Operating Expenses under this Lease.

(b) "Operating Expenses," as used herein, shall include all commercially reasonable and customary direct costs actually incurred by Lessor in the management, operation, maintenance, repair and replacement of the Property, including the cost of all maintenance, repairs, and restoration of the Property performed by Lessor pursuant to Paragraphs 14(b) and 14(c) hereof, as determined by generally accepted accounting principles, consistently applied ("GAAP") (unless excluded by this Lease), including, but not limited to:

Personal property taxes related to the Premises; any parking taxes or parking levies imposed on the Premises in the future by any governmental agency; a management fee charged for the management and operation of Menlo Business Park, in an amount equal to three percent (3%) of the total gross income received by Lessor from the Lessee (including Monthly Base Rent and Additional Rent), water and sewer charges; waste disposal; insurance premiums for insurance coverages maintained by Lessor pursuant to Paragraph 11(b) hereof; license, permit, and inspection fees related to Common Area improvements; charges for electricity, heating, air conditioning, gas, and any other utilities (including, without limitation, any temporary or permanent utility surcharge or other exaction); security; maintenance, repair, and replacement of the roof membrane; painting and repairing, interior and exterior; maintenance and replacement of floor and window coverings; repair, maintenance, and replacement of air-conditioning, heating, mechanical and electrical systems, elevators, plumbing and sewage systems; janitorial service; landscaping, gardening, and tree trimming; glazing; repair, maintenance, cleaning, sweeping, striping, and resurfacing of the parking area; exterior Building lighting and parking lot lighting; supplies, materials, equipment and tools in the maintenance of the Property and the cost of any other capital expenditures for any improvements or changes to the Building which are required by laws, ordinances, or other governmental regulations adopted after the Commencement Date, or for any items or capital expenditures voluntarily made by Lessor which are intended to reduce Operating Expenses (collectively, the "Permitted Capital Expenditures"). Notwithstanding the foregoing, if Lessor is required to or voluntarily incurs any capital expenses, Lessor shall, if the same constitutes a Permitted Capital Expenditure, amortize such expenses over the useful life of the capital repairs, replacements or improvements calculated in accordance with GAAP (together with interest on the unamortized balance at the rate equal to the effective rate of interest on Lessor's bank line of credit at the time of completion of said repairs, replacements or improvements, but in no event in excess of eight percent (8%) per annum) as an Operating Expense in accordance with GAAP. Operating Expenses shall also include any other expense or charge, whether or not described herein but which is not specifically excluded by other provisions of this Lease, which in accordance with GAAP would be considered an expense of managing, operating, maintaining, and repairing the Property.

(c) Real property taxes and assessments upon the Property, during each lease year or partial lease year during the term of this Lease are referred to herein as "Taxes."

As used herein, Taxes shall mean:

(1) all real estate taxes, assessments, charges and any other taxes which are levied or assessed against the Property including the Land, the Building, and all improvements located thereon, including any increase in Taxes resulting from a reassessment following any transfer of ownership of the Property or any interest therein or following any improvements to the Property, or improvements to Common Areas of Menlo Business Park which are for the beneficial use of all occupants of Menlo Business Park; and

(2) all other taxes which may be levied in lieu of real estate taxes, assessments, and other fees, charges, and levies, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature by any authority having the direct or indirect power to tax, including without limitation any governmental authority or any improvement or other district or division thereof, for public improvements, services, or benefits which are assessed, levied, confirmed, imposed, or become a lien (1) upon the Property, and/or any legal or equitable interest of Lessor in any part thereof; or (2) upon this transaction or any document to which Lessee is a party creating or transferring any interest in the Property; and (3) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any tax previously included within the definition of "Taxes" or any tax the nature of which was previously included in the definition "Taxes."

Not included within the definition of "Taxes" are any net income, profits, transfer, franchise, estate, gift, rental income, or inheritance taxes imposed by any governmental authority. "Taxes" also shall not include penalties or interest charges assessed on delinquent Taxes so long as Lessee is not in default in the payment of Monthly Base Rent or Additional Rent.

With respect to any assessments which may be levied against or upon the Property, which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, only the amount of such annual installment (with appropriate proration of any partial year) and statutory interest shall be included within the computation of the annual Taxes levied against the Property.

(d) The following costs ("Costs") shall be excluded from the definition of Operating Expenses:

(1) Costs occasioned by the act, omission or violation of law by Lessor, any other occupant of Menlo Business Park, or their respective agents, employees or contractors;

(2) Costs for which Lessor receives reimbursement from others, including reimbursement from insurance;

(3) Interest, charges and fees incurred on debt or payments on any deed of trust or ground lease on the Property, or Menlo Business Park;

(4) Advertising or promotional costs or other costs incurred by Lessor in procuring tenants for the Property or other portions of Menlo Business Park;

(5) Costs incurred in repairing, maintaining or replacing any structural elements of the Building for which Lessor is responsible pursuant to Paragraph 14(a) hereof;

(6) Any wages, bonuses or other compensation of employees above the grade of building manager and any executive salary of any officer or employee of Lessor or for employees to the extent not stationed at Menlo Business Park , including fringe benefits other than insurance plans and tax-qualified benefit plans, or any fee, profit or compensation retained by Lessor or its affiliates for management and administration of the Property in excess of the management fee referred to in Paragraph 5(b) of this Lease;

(7) General office overhead and general and administrative expenses of Lessor, except as specifically provided in Paragraph 5;

(8) Leasing expenses and broker commissions payable by Lessor;

(9) Costs occasioned by casualties or by the exercise of the power of eminent domain;

(10) Costs to correct any construction defect in the Building or the Premises existing on the Commencement Date;

(11) Costs of any renovation, improvement, painting or redecorating of any portion of the Property or the Menlo Business Park not made available for Lessee's use;

(12) Costs incurred in connection with negotiations or disputes with any other occupant of the Menlo Business Park and Costs arising from the violation by Lessor or any other occupant of the Menlo Business Park of the terms and conditions of any lease or other agreement;

(13) Costs incurred in connection with the presence of any Hazardous Materials on the Property or on other property in Menlo Business Park that were not caused by or the result of a release by Lessee or its employees, agents, contractors, invitees , sublessees, successors or assigns; and

(14) Expense reserves; and

(15) Capital costs, except for Permitted Capital Expenditures.

(16) capital expenditures for expansion of the Property;

(17) depreciation of the Property;

(18) legal and other expenses incurred in the negotiation or enforcement of leases;

(19) salaries, wages, benefits and other compensation paid to officers and employees of Lessor who are not assigned in whole or in part to the operation, management, maintenance or repair of the Property (with the costs to be pro-rated if such officers and employees are assigned to the Property only in part);

(20) penalties, fines or interest incurred as a result of Lessor's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Lessor's failure to make any payment of Taxes required to be made by Lessor hereunder before delinquency;

(21) overhead and profit increment paid to Lessor or to subsidiaries or affiliates of Lessor for goods and/or services in or to the Property to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(22) costs of Lessor's charitable or political contributions, or of fine art maintained at the Property;

(23) costs incurred in the sale or refinancing of the Property;

(24) net income taxes of Lessor or the owner of any interest in the Property, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Property or any portion thereof or interest therein;

(25) any costs incurred to remove, study, test, remediate or otherwise related to the existence of Hazardous Materials which was in existence in the Property prior to the applicable Commencement Date, and was of such a nature that a federal,·state or municipal governmental authority, if it had then had knowledge of the presence of such Hazardous Materials, in the state, and under the conditions that they then existed in the Property, would have then required the removal of such Hazardous Materials or other remedial or containment action with respect thereto; and costs incurred with respect to Hazardous Materials, which Hazardous Materials are brought onto the Property after the date hereof by Lessor or anyone other than Lessee or its agents, contractors or invitees and is of such a nature, at that time, that a federal, state or municipal governmental authority, if it had then had knowledge of the presence of such Hazardous Materials, in the state, and under the conditions, that they then exist in the Property, would have then required the removal, remediation or other action with respect thereto;

(26) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Property under leases for space in the Property.

(27) any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(28) the wages and benefits attributable to personnel above the level of Property manager or Property engineer or Property accountant or bookkeeper;

(29) all items and services for which Lessee or any other tenant in the Property reimburses Lessor or which Lessor provides selectively to one or more tenants (other than Lessee) without reimbursement;

(30) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(31) costs for extra or after-hours HVAC, utilities or services which are provided to Lessee and/or any occupant of the Building and as to which :Lessee or such other occupants are separately charged and the applicable amounts are paid by Lessee or such other occupants;

(32) late charges, penalties, liquidated damages, and interest;

(33) in-house legal and/or accounting (as opposed to office building bookkeeping) fees; and

(34) costs associated with material portions of the Common Areas dedicated for the exclusive use of other tenants of the Property, except to the extent Lessee is given its pro-rata share (rentable square feet in the Premises in relation to rentable square feet in the Property) of comparable Common Areas;

(35) costs of signs in or on the Building identifying the owner of the Building or other tenants' signs;

(36) costs due to violations by Lessor of any covenants, conditions and restrictions or to create any future covenants, conditions and restrictions;

(37) to the extent applicable, electric power costs or other utility costs for which any tenant directly contracts with the local public service company;

(38) all assessments and premiums which are not specifically charged to Lessee because of what Lessee has done, which can be paid by Lessor in installments, shall be paid by Lessor in the maximum number of installments permitted by law (except to the extent inconsistent with the general practice of the comparable properties in the general vicinity of the Property) and shall be included as Operating Expenses in the year in which the assessment or premium installment is actually paid;

(39) any entertainment, dining or travel expenses for any purpose;

(40) the costs of any flowers, gifts, balloons, etc. provided to any prospective tenants, Lessee, other tenants, and occupants of the Property;

(41) costs reimbursed to Lessor under any warranty carried by Lessor for the Property;

(42) costs of tenant parties;

(43) any "validated" parking for any entity;

(44) costs of any "tap fees" or any sewer or water connection fees for the benefit of any particular tenant in the Building or the Property;

(45) costs of magazine and newspaper subscriptions;

Lessor shall reduce the amount of the Operating Expenses by any refund Lessor or Lessor's managing agent receives for any costs, goods, services, utilities or expenditures previously included in Operating Expenses.

Lessor shall not collect Operating Expenses from Lessee or any other lessees of the Property in an amount which is in excess of 100% of the Operating Expenses actually paid by Lessor in connection with the Property, and Lessor shall make no profit from the collection of Operating Expenses. All costs payable by Lessee to Lessor under this Lease shall be on an actual cost basis. Lessor shall equitably allocate Operating Expenses if other buildings are constructed in the Property for use by lessees other than Lessee.

(e) Prior to the execution of this Lease, Lessor has delivered to Lessee Lessor's estimate of 2016 Operating Expenses, Taxes and Park Expenses. Throughout the term of this Lease, as close as·reasonably possible after the end of each calendar year thereafter but no later than April 1 of the following year, Lessor shall notify Lessee of the Operating Expenses, Taxes and Park Expenses estimated by Lessor for each following calendar year. Concurrently with such notice, Lessor shall provide a description of such Operating Expenses, Taxes and Park Expenses. Commencing on the Commencement Date, and on the first (1st) day of each calendar month thereafter, Lessee shall pay to Lessor, as Additional Rent, one-twelfth (1/12th) of the estimated Operating Expenses, Taxes and Park Expenses; provided, that the pre-paid Additional Rent (see Section 4) shall be credited toward the payment due on the Commencement Date, and if the Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid Additional Rent shall be credited to the partial first calendar month of the term and partially to the following month's Additional Rent payment. If at any time during any such calendar year, Lessor reasonably determines that the Operating Expenses, Taxes or Park Expenses for such year will vary from Lessor's estimate, Lessor may, by written notice to Lessee, revise Lessor's estimate for such year and the Additional Rent payments by Lessee for such year shall thereafter be based upon such revised estimate. Lessor shall furnish to Lessee with such revised estimate written verification showing that the actual Operating Expenses, Taxes or Park Expenses are greater than or equal to Lessor's estimate. The increase in the monthly installments of Additional Rent resulting from Lessor's revised estimate shall not be retroactive, but the Additional Rent for each calendar year shall be subject to adjustment between Lessor and Lessee after the close of the calendar year, as provided below.

Within approximately ninety (90) days after the expiration of each calendar year of the term, Lessor shall furnish Lessee a statement certified by a responsible employee or agent of Lessor (the "Operating Statement") with respect to such year, prepared by an employee or agent of Lessor, showing the actual Operating Expenses, Taxes and Park Expenses for such year broken down by component expenses, and the total payments made by Lessee for such year on the basis of any previous estimate of such Operating Expenses, Taxes and Park Expenses, all in sufficient detail for verification by Lessee. Unless Lessee raises any objections to the Operating Statement within twelve (12) months after receipt of the same, such statement shall conclusively be deemed correct and Lessee shall have no right thereafter to dispute such statement or any item therein or the computation of Operating Expenses and/or Taxes and/or Park Expenses. Upon giving Lessor five (5) days advance written notice, Lessee or its accountants shall have the right to inspect and audit Lessor's books and records with respect to

the Operating Statement in an office of Lessor located in California, or Lessor's agent located in California, during normal business hours, once each Lease Year to verify actual Operating Expenses and/or Taxes and/or Park Expenses. Should Lessee retain any accountant or accounting firm to audit or inspect Lessor's books and records pursuant to this Paragraph 5(e), such accountant or accounting firm shall be one of national or regional standing and retained on an hourly rate basis or based upon a fixed fee and may be paid on a contingency basis. Lessor's books and records shall be kept in accord with GAAP. If Lessee's audit of the Operating Expenses and/or Taxes and/or Park Expenses for any year reveals a net overcharge of more than four percent (4%), Lessor shall promptly reimburse Lessee for the cost of the audit; otherwise, Lessee shall bear the cost of Lessee's audit. If Lessee reasonably objects to Lessor's Operating Statement, Lessee shall nonetheless continue to pay on a monthly basis the Operating Expenses, Taxes and Park Expenses based upon the Lessor's most current estimate until such dispute is resolved. Notwithstanding anything in this Lease to the contrary, Lessee's right to audit Lessor's books and records pursuant to this Paragraph shall be limited to no more than once per calendar year during the Term as may be extended.

If Lessee's Pro Rata Share of the Operating Expenses and Taxes and Lessee's pro rata share of Park Expenses for any year as finally determined exceed the total payments made by Lessee for such year based on Lessor's estimates, Lessee shall pay to Lessor the deficiency, within thirty (30) days after the receipt of Lessor's Operating Statement. If the total payments made by Lessee based on Lessor's estimate of the Operating Expenses and/or Taxes and/or Park Expenses exceed the Lessee's Pro Rata Share of Operating Expenses and/or Taxes and/or Lessee's pro rata share of Park Expenses, Lessee's extra payment, plus the cost of an audit which is the responsibility of Lessor as set forth herein, if any, shall be credited against payments of Monthly Base Rent and Additional Rent next due hereunder or returned within thirty (30) days if the term has expired or this Lease has been terminated.

Notwithstanding the expiration or termination of this Lease, within thirty (30) days after Lessee's receipt of Lessor's Operating Statement or the completion of Lessee's audit regarding the Operating Expenses and/or Taxes and/or Park Expenses for the calendar year in which this Lease terminates, Lessee shall pay to Lessor or shall receive from Lessor, as the case may be, an amount equal to the difference between the Operating Expenses and/or Taxes and/or Park Expenses for such year, as finally determined, and the amount previously paid by Lessee on account thereof (prorated to the expiration date or the termination date of this Lease).

6. Payment of Rent.

(a) All rent shall be due and payable in lawful money of the United States of America at the address of Lessor set forth in Paragraph 24, "Notices," without, except as otherwise provided herein, deduction or offset and without prior demand or notice, unless otherwise specified herein. Monthly Base Rent and Additional Rent shall be payable monthly, in advance, on the first day of each month. Additional Rent shall be payable monthly, in advance, on the first day of each month for the entire Premises for the entire term of his Lease. Lessee's obligation to pay rent for any partial month at the commencement of the term, for any partial month immediately prior to a rental adjustment date (if the rental adjustment date is other than the first day of the calendar month), and for any partial month at the expiration or termination of the term shall be based upon the number of days in such month.

(b) If any installment of Monthly Base Rent, Additional Rent or any other sum due from Lessee is not received by Lessor within five (5) days after the same is due, Lessee shall pay to Lessor an additional sum equal to five percent (5%) of the amount overdue as a late charge; provided, however, that on no more than one (1) occasion during the first twelve (12) months following the Phase 1 Commencement Date Lessor shall not impose such late charge unless such delinquent sum is not paid within five (5) days after written notice from Lessor. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of the late payment by Lessee. Acceptance of any late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount. Any amount not paid within ten (10) days after Lessee's receipt of written notice that such amount is due shall bear interest from the date due until paid at the lesser rate of (1) the prime rate of interest as published in the "Wall Street Journal," plus two percent (2%) or (2) the maximum rate allowed by law (the "Interest Rate"), in addition to the late payment charge.

7. Security Deposit. Lessee shall deposit with Lessor (i) within fifteen (15) days after execution of this Lease, the sum of One Million Two Hundred Twenty-Eight Thousand Six Hundred Fourteen Dollars ($1,228,614.00) in the form of a letter of credit substantially in the form attached hereto as Exhibit "G." (the "Letter of Credit") and (ii) upon execution of this Lease, a cash security deposit in the amount of Six Hundred Fourteen Thousand Dollars ($614,000.00) (collectively, the "Security Deposit"), as security for Lessee's faithful performance of Lessee's obligations under this Lease. If Lessee fails to pay Monthly Base Rent or Additional Rent or charges due hereunder within applicable notice and cure periods, or otherwise defaults under this Lease (as defined in Paragraph 22), Lessor may use, apply or retain all or any portion of said Security Deposit to the extent reasonably necessary to cure the default, for the payment of any amount due Lessor, and to reimburse or compensate Lessor for any liability, cost, expense, loss or damage (including attorneys' fees) which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within ten (10) days after written request therefor deposit with Lessor the amount sufficient to restore the Security Deposit to the amount then required by this Lease. Lessor shall not be required to keep all or any part of the Security Deposit separate from its general accounts. In no event or circumstance shall Lessee have the right to any use of the Security Deposit and, specifically, Lessee may not use the Security Deposit as a credit or to otherwise offset any payments required hereunder, including, but not limited to, rent or any portion thereof. Lessee waives (i) California Civil Code Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("Security Deposit Laws"), and (ii) any and all rights, duties and obligations either party may now has, or in the future will have, relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may be retained and applied by Lessor (a) to offset rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Lessor before or after termination of this Lease. No part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any moneys to be paid by Lessee under this Lease. So long as Lessee has not failed to cure any default after applicable

notice and cure periods prior to the fifth (5th) anniversary of the Phase 1 Commencement Date, on the fifth (5th) anniversary of the Phase 1 Commencement Date, Lessee may reduce the amount of the Letter of Credit by Three Hundred Seven Thousand Dollars ($307,000.00). On each anniversary of the Phase 1 Commencement Date thereafter, so long as Lessee has not failed to cure any default after applicable notice and cure periods during the prior twelve (12) months, Lessee may reduce the amount of the Letter of Credit by Three Hundred Seven Thousand Dollars ($307,000.00) until the balance of the Letter of Credit is zero. The cash portion of the Security Deposit shall be held by Lessor in accordance with the provisions above.

8. Use. Lessee may only use and occupy the Premises for office, biotechnology, research and development or laboratories and related uses which are permitted by applicable zoning ordinances and the covenants, conditions, and restrictions for Menlo Business Park and which are approved by Lessor in writing, and for no other use or purpose without Lessor's prior written consent; provided, that the use of the Premises for the manufacture of integrated circuits is expressly prohibited . Any use of the Premises by Lessee or by any sublessee or assignee approved by Lessor pursuant to Paragraph 17 shall comply with the provisions of this Paragraph 8.

9. Hazardous Materials.

(a) The term "Hazardous Materials" as used in this Lease shall include any substance defined or regulated as radioactive, flammable, toxic, a biohazard, medical waste, "hazardous material", "extremely hazardous material", "hazardous waste", "hazardous substance," "toxic substance," "industrial process waste," or "special waste" in any Environmental Laws as hereafter defined. Hazardous Materials shall include, but not be limited to, petroleum, gasoline, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, and/or crude oil or any products, by-products or fractions thereof and asbestos.

(b) Lessee shall not engage in any activity in or on the Premises or the Property which constitutes a Reportable Use of Hazardous Materials without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Environmental Laws. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of Hazardous Materials that require a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises or the Property of Hazardous Materials with respect to which any Environmental Law requires that a notice be given to persons entering or occupying the Premises, or the Property, or neighboring properties. Notwithstanding the foregoing, Lessee may use the Hazardous Materials on the Premises that are listed on Exhibit "E" attached hereto and incorporated by reference herein (which list may be updated by Lessee from time to time during the Lease Term upon written notice to Lessor and subject to Lessor's express prior written consent which shall be granted so long as such use is in compliance with all Environmental Laws, and does not expose the Premises, or the Property, or neighboring property to any unusual or atypical risk of contamination or damage or expose Lessor to any liability therefor), and any ordinary and customary office supplies, cleaning materials, and other materials reasonably required to be used in the normal course of Lessee's agreed use of the Premises. In

addition, Lessor may condition its consent to any Reportable Use upon receiving such additional, commercially reasonable assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and the Property, and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of any protective modifications installed by Lessee (such as concrete encasements).

(c) "Environmental Laws" shall mean and include any Federal, State, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, element, compound, mixture or material, as now or at any time hereafter in effect including, without limitation, California Health and Safety Code §§ 25100 et seq., §§ 25300 et seq., Sections 25281(f) and 25501 of the California Health and Safety Code, Section 13050 of the Water Code, the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§ 9601 et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act, 42 U.S.C. §§ 9601 et seq., the Federal Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Federal Resource Conservation and Recovery Act as amended, 42 U.S.C. §§ 6901 et seq., the Federal Hazardous Material Transportation Act, 49 U. S.C. §§ 1801 et seq., the Federal Clean Air Act, 42 U.S.C. § 7401 et seq., the Federal Water Pollution Control Act, 33 U. S.C. § 1251 et seq., the River and Harbors Act of 1899, 33 U.S.C. §§ 401 et seq., and all rules and regulations of the EPA, the California Environmental Protection Agency, or any other state or federal department, board or any other agency or governmental board or entity having jurisdiction over the environment, as any of the foregoing have been, or are hereafter amended.

(d) If Lessee knows, or has reasonable cause to believe, that Hazardous Materials have come to be located in, on, under or about the Premises or the Property that constitutes a Reportable Use, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Materials.

(e) Lessee and Lessee's agents, employees, and contractors shall not cause any Hazardous Materials to be discharged or released into the Building or into the plumbing or sewage system of the Building or into or onto the Land underlying or adjacent to the Building in violation of any Environmental Laws. Lessee shall promptly, at Lessee's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination in violation of Environmental Laws or the terms of this Lease caused by Lessee or caused by any of Lessee's employees, agents, or contractors, and for the maintenance, security and/or monitoring of the Premises, the Property, or neighboring properties if such contamination is caused by a release or emission of any Hazardous Materials by Lessee or by any of Lessee's employees, agents, or contractors.

(f) Lessee shall indemnify, defend and hold Lessor and its agents, employees, and lenders and the Premises and the Property harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) (collectively, "Claims")

arising during or after the term of this Lease out of or involving any Hazardous Materials brought on to the Premises, the Property, or Menlo Business Park by or for Lessee or Lessee's agents, contractors, employees or invitees in violation of Environmental Laws or the terms of this Lease; in no event shall Lessee be responsible for any pre-existing Hazardous Materials nor any Hazardous Materials contamination not caused by Lessee or its agents, contractors or invitees. Lessee's obligations under this Paragraph 9(f) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, as required by Environmental Laws, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Materials, unless specifically so agreed by Lessor in writing at the time of such agreement.

(g) Lessor represents and warrants to Lessee that, to Lessor's actual knowledge , the Property does not currently contain any Hazardous Materials in violation of any existing Environmental Laws. Lessor shall not cause any Hazardous Materials to be brought upon, kept or used in connection with the Property by Lessor, its agents, employees or contractors in a manner or for a purpose prohibited by any Environmental Laws. Lessor shall The provisions of this paragraph will survive the expiration or earlier termination of this Lease.

10. Taxes on Lessee's Property. Lessee shall pay before delinquency any and all taxes, assessments, license fees, and public charges levied , assessed, or imposed and which become payable during the Term and any extension thereof upon Lessee's equipment, fixtures, furniture, and personal property installed or located on the Premises.

11. Insurance.

(i) Types of Insurance: Lessee shall maintain in full force and effect at all times during the Term of this Lease, at Lessee's sole cost and expense, for the protection of Lessee and Lessor, as their interests may appear, policies of insurance issued by a carrier or carriers reasonably acceptable to Lessor and its lender(s) which afford the following coverages:

(ii) Commercial general liability insurance naming the Lessor as an additional insured against any and all claims for bodily injury and property damage occurring in, or about the Premises arising out of Lessee's use and occupancy of the Premises. Such insurance shall have a combined single limit of not less than One Million Dollars ($1,000,000) per occurrence with a Two Million Dollar ($2,000,000) aggregate limit and excess umbrella liability insurance in the amount of Five Million Dollars ($5,000,000). Such liability insurance shall be primary and not contributing to any insurance available to Lessor and Lessor's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Lessee under this Lease.

(iii) Personal property insurance insuring all equipment, trade fixtures, inventory, fixtures, and personal property located on or in the Premises for perils covered by the causes of loss - special form (all risk) and in addition coverage for earthquake and terrorism and

boiler and machinery (if applicable). Such insurance shall be written on a replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement value of the aggregate of the foregoing. Notwithstanding anything to the contrary set forth herein, for such personal property insurance, Lessee shall have the right to self-insure solely as to coverage for earthquake so long as Lessee maintains a cash balance of no less than Twenty-Five Million Dollars ($25,000,000.00) (as evidenced by Lessee's bank statements delivered within fifteen (15) days after written request by Lessor, which request may be made no more frequently than every twelve (12) months. In the event that Lessee elects to self-insure as set forth above and a claim occurs for which Lessee has indemnified Lessor hereunder and a defense and/or coverage would have been available from the insurance company, Lessee shall: (i) undertake the defense of any such claim, including a defense of Lessor, at Lessee's' sole cost and expense; and (ii) use its own funds to pay any such claim or replace any property or otherwise provide the funding which would have been available from insurance proceeds but for such election by Lessee to so self-insure.

(iv) Business interruption and extra expense insurance in such amounts to reimburse Lessee for direct or indirect loss attributable to all perils commonly insured against by prudent lessees or attributable to prevention of access to the Premises or the Building as result of such perils.

(v) Workers' compensation insurance in accordance with statutory law and employers' liability insurance with a limit of not less than $1,000,000 per accident, $1,000,000 disease, policy limit and $1,000,000 disease limit each employee.

(vi) Such other insurance as Lessor deems necessary and prudent (so long as comparable to that carried by other landlords of comparable property in the general vicinity of the Park) or required by Lessor's beneficiaries or mortgagees of any deed of trust or mortgage encumbering the Premises.

(b) Insurance Policies: The policies required to be maintained by Lessee shall be with companies rated A-X or better by A.M. Best. Insurers shall be licensed to do business in the state in which the Premises are located and domiciled in the USA. Certificates of insurance (certified copies of the policies may be required) shall be delivered to Lessor prior to the commencement date and annually thereafter within fifteen (15) days prior to the policy expiration date. Lessee shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and to Lessor as required by this Lease. Each policy of insurance shall provide notification to Lessor at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage but only if such prior notification is available from the insurance company, and then to the extent such prior notice is available from the insurance company.

(c) Additional Insureds and Coverage: Lessor, any property management company and/or agent of Lessor for the Premises, the Building, the Lot or the Park, and any lender(s) of Lessor having a lien against the Premises, the Building, the Lot or the Park shall be named as additional insureds under all of the policies required in Section 12.1(ii) above. Additionally, such policies shall provide for severability of interest. All insurance to be maintained by Lessee

shall, except for workers' compensation and employer's liability insurance, be primary, without right of contribution from insurance maintained by Lessor. Any umbrella/excess liability policy (which shall be in "following form") shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Lessee shall not limit Lessee's liability under this Lease. It is not contemplated or anticipated by the parties that the aforementioned risks of loss be borne by Lessor's insurance carriers, rather it is contemplated and anticipated by Lessor and Lessee that such risks of loss be borne by Lessee's insurance carriers pursuant to the insurance policies procured and maintained by Lessee as required herein.

(d) Failure of Lessee to Purchase and Maintain Insurance: In the event Lessee does not purchase the insurance required in this Lease or keep the same in full force and effect throughout the Term of this Lease (including any renewals or extensions), Lessor may, but without obligation to do so, purchase the necessary insurance and pay the premiums therefor. If Lessor so elects to purchase such insurance, Lessee shall promptly pay to Lessor as Additional Rent, the amount so paid by Lessor, upon Lessor's demand therefor. In addition, Lessor may recover from Lessee and Lessee agrees to pay, as Additional Rent, any and all Enforcement Expenses and damages which Lessor may sustain by reason of Lessee's failure to obtain and maintain such insurance. If Lessee fails to maintain any insurance required in this Lease, Lessee shall be liable for all losses, damages and costs resulting from such failure.

(e) Lessor's Insurance: Lessor shall obtain and carry in Lessor's name, as insured, as an Operating Expense of the Property to the extent provided in Section 6, during the Term, "all risk" property insurance coverage (with rental loss insurance coverage for a period of one (1) year), flood insurance, public liability and property damage insurance, and insurance against such other risks or casualties as Lessor shall reasonably determine, including, but not limited to, insurance coverages required of Lessor by the beneficiary of any deed of trust which encumbers the Premises, including earthquake insurance coverage insuring Lessor's interest in the Premises (including any other leasehold improvements to the Premises constructed by Lessor or by Lessee with Lessor's prior written approval) in an amount not less than the full replacement cost of the Building. The proceeds of any such insurance shall be payable solely to Lessor and Lessee shall have no right or interest therein. Lessor shall have no obligation to insure against loss by Lessee to Lessee's equipment, fixtures, furniture, inventory, or other personal property of Lessee in or about the Premises occurring from any cause whatsoever.

12. Indemnification.

(a) Lessee shall indemnify, defend, and hold harmless Lessor from claims, suits, actions, or liabilities for personal injury, death or for loss or damage to property that arise from (1) any activity, work, or thing done or permitted by Lessee in or about the Premises, the Property or the Park, and (2) bodily injury or damage to property which arises in or about the Property to the extent the injury or damage to property results from the acts or omissions of Lessee, its employees, agents or contractors. Lessee also waives all claims against Lessor and its employees, agents and contractors for damages to property, or to goods, wares, and merchandise stored in, upon, or about the Premises or the Property, and for injuries to persons in, upon, or about the Premises or the Property from any cause arising at any time, except to the extent covered by an express indemnity provision of this Lease or caused by the active negligence or willful misconduct of Lessor or its employees, agents or contractors.

(b) Lessor shall indemnify, defend, and hold harmless Lessee from claims, suits, actions, or liabilities for personal injury, death or for loss or damage to property that arise from (1) any activity, work, or thing done by Lessor in or about the Premises or the Property, and (2) bodily injury or damage to property which arises in or about the Property to the extent the injury or damage to property results from the active negligent acts of Lessor, its employees, agents or contractors.

(c) In the absence of comparative or concurrent negligence on the part of Lessee or Lessor, their respective agents, affiliates, and subsidiaries, or their respective officers, directors, members, employees or contractors, the foregoing indemnities by Lessee and Lessor shall also include reasonable costs, expenses and attorneys' fees incurred in connection with any indemnified claim or incurred by the indemnitee in successfully establishing the right to indemnity. The indemnitor shall have the right to assume the defense of any claim subject to the foregoing indemnities with counsel reasonably satisfactory to the indemnitee. The indemnitee agrees to cooperate fully with the indemnitor and its counsel in any matter where the indemnitor elects to defend, provided the indemnitor shall promptly reimburse the indemnitee for reasonable costs and expenses incurred in connection with its duty to cooperate.

The foregoing indemnities shall survive the expiration or earlier termination of this Lease and are conditioned upon the indemnitee providing prompt notice to the indemnitor of any claim or occurrence that is likely to give rise to a claim, suit, action or liability that will fall within the scope of the foregoing indemnities, along with sufficient details that will enable the indemnitor to make a reasonable investigation of the claim.

When the claim is caused by the joint negligence or willful misconduct of Lessee and Lessor or by the indemnitor party and a third party unrelated to the indemnitor party (except indemnitor's agents, officers, employees or invitees), the indemnitor's duty to indemnify and defend shall be proportionate to the indemnitor's allocable share of joint negligence or willful misconduct.

(d) Lessor shall not be liable to Lessee for any damage because of any act or negligence of any other occupant of the Building or any other owner or occupant of adjoining or contiguous property, nor for overflow, breakage, or leakage of water, steam, gas, or electricity from pipes, wires, or otherwise in the Premises or the Building, except to the extent caused by the gross negligence or willful misconduct of Lessor or Lessor's employees, agents, or contractors. Except as otherwise provided herein, Lessee will pay for damage to the Premises or the Property caused by the misuse or neglect of the Premises or the Property by Lessee or its employees, agents, or contractors, including, but not limited to, the breakage of glass in the Building.

13. Tenant Improvements. Subject to the terms of the Work Letter, Lessor shall: (i) cause to be constructed the Landlord Work and Tenant Improvements to the Phase 1 Space described in the Work Letter, including on Exhibits "F-1" through "F-3"; (ii) cause to be constructed the Landlord Work and Tenant Improvements to the Phase 2 Space described in the Work Letter,

including on Exhibits "F-1" through "F-3". The work to be performed by Lessor pursuant to this Paragraph (collectively, the "Initial Improvement Work") shall be performed in accordance with the Work Letter. Upon at least twenty-four (24) hours prior written notice to Lessee, Lessor may impose temporary commercially reasonable restrictions on Lessee's access to certain portions of the Phase 1 Space and other portions of the Premises as reasonably necessary for Lessor to perform certain of the Initial Improvement Work, such as installation of the generator, installation of certain HVAC units and performance of certain ADA (as defined in Paragraph 14(j)) work to the exterior of the Building.

14. Maintenance and Repairs; Alterations; Surrender and Restoration.

(a) Lessor shall, at Lessor's sole expense (and not as part of Operating Expenses), keep in good order, condition, and repair and replace when necessary, the structural elements of the roof (excluding the roof membrane which Lessor shall maintain, but the cost of which shall be included as an Operating Expense as permitted under Paragraph 5), the structural elements of the foundation and exterior walls (except the interior faces thereof) of the Building, and other structural elements of the Building and the Property as "structural elements" are defined in building codes applicable to the Building, excluding any alterations, structural or otherwise, made by Lessee to the Building which are not approved in writing by Lessor prior to the construction or installation thereof by Lessee. Lessor shall perform and construct, and Lessee shall not be responsible for performing or constructing, any repairs, maintenance, or improvements (1) required as a result of any casualty damage (not caused by the willful or negligent acts or omissions of Lessee or its employees, agents, contractors or invitees), which shall be subject to Paragraph 20 below, or as a result of any taking pursuant to the exercise of the power of eminent domain, or (2) for which Lessor has a right of reimbursement from third parties based on construction or other warranties, contractor guarantees, or insurance claims.

(b) Lessor shall provide or cause to be provided and shall supervise the performance of, as an Operating Expense of the Property to the extent permitted under Paragraph 5 hereof, all services and work relating to the operation, maintenance, repair, and replacement, as needed, of the Property, including the HVAC, mechanical, electrical, and plumbing systems in the Building (collectively, "Building Systems"); the interior of the Building; the roof membrane; the outside areas of the Property; the janitorial service for the Property (but not the interior of the Building); landscaping, tree trimming, resurfacing and restriping of the parking lot, repairing and maintaining the walkways; exterior building painting, exterior building lighting, parking lot lighting, and exterior security patrol. In the event Lessee provides Lessor with written notice of the need for any repairs, Lessor shall commence any such repairs promptly following receipt by Lessor of such notice and Lessor shall diligently prosecute such repairs to completion.

(c) Subject to the foregoing and except as provided elsewhere in this Lease, Lessee shall at all times use and occupy the Premises in a manner which keeps the Premises in good and safe order and condition including providing janitorial services for the interior of the Building. Lessor shall execute and maintain in full force and effect throughout the term as an Operating Expense of the Property to the extent permitted under Paragraph 5 a service contract with a recognized air conditioning service company. Lessor may, if Lessor determines that it is necessary to do so, obtain on a semi-annual basis an inspection report of the HVAC system from

a separate HVAC service firm designated by Lessor for the purpose of monitoring the performance of the HVAC maintenance and repair work performed by the HVAC service firm which performs the regular repair and maintenance. The cost of such inspection report shall be an Operating Expense pursuant to Paragraph 5. Subject to the release of claims and waiver of subrogation contained in Paragraphs 11(c) and 11(d), if Lessor is required to make any repairs to the Property by reason of Lessee's negligent acts or omissions, Lessor may add the cost of such repairs to the next installment of rent which shall thereafter become due, and Lessee shall promptly pay the same upon receipt of an invoice therefor.

(d) Lessee may, from time to time, at its own cost and expense and without the consent of Lessor make nonstructural alterations to the interior of the Premises which do not affect the Building Systems, the cost of which in any one instance is Fifty Thousand Dollars ($50,000) or less, and the aggregate cost of all such work during the Term this Lease does not exceed Two Hundred Fifty Thousand Dollars ($250,000) (collectively, "Exempted Alterations"), provided Lessee first notifies Lessor in writing of any Exempted Alterations. Otherwise, Lessee shall not make any additional alterations, improvements, or additions to the Premises without delivering to Lessor a complete set of plans and specifications for such work, obtaining and delivering copies to Lessor of all permits or other governmental approvals (if any) required for such work and obtaining Lessor's prior written consent thereto, which approval shall not be unreasonably withheld, conditioned or delayed. Failure by Lessor to respond within ten (10) days to Lessee's request for approval shall be deemed Lessor's approval of such alteration by Lessor only if Lessee provided such request in writing via personal delivery to an officer of Tarlton Properties, Inc. All alterations and additions shall be installed by a licensed contractor approved by Lessor, at Lessee's sole expense in compliance with all applicable laws, rules, regulations and ordinances. Lessee shall keep the Premises and the Property on which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Lessee. For any alterations other than Exempted Alterations, Lessee shall pay a fee to Tarlton Properties, Inc. for Landlord's oversight of such alterations at a fee equal to five percent (5%) of hard construction costs (i.e., the amounts paid to any general contractor, subcontractors, vendors, and suppliers for labor and materials for the construction of the alterations or improvements). Lessor may condition its consent to, among other things, Lessee agreeing in writing to remove any such alterations prior to the expiration of the Lease term and Lessee agreeing to restore the Premises to its condition prior to such alterations at Lessee's expense, but only if in Lessor's reasonable and good faith discretion such alterations would decrease the value or re-leasibility of the Premises. Lessor shall advise Lessee in writing at the time consent is granted whether Lessor reserves the right to require Lessee to remove any alterations from the Premises prior to the expiration or sooner termination of this Lease.

All alterations, trade fixtures and personal property installed in the Premises solely at Lessee's expense shall during the term of this Lease remain Lessee's property and Lessee shall be entitled to all depreciation, amortization and other tax benefits with respect thereto (excluding the Tenant Improvements).

(e) Lessee shall, at Lessee's sole cost and expense, fully, diligently and in a timely manner, comply with all present and future "Laws," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, orders, covenants, permits of all governmental

agencies and authorities, easements and restrictions of record, the requirements of any applicable fire insurance underwriter or rating bureau or board of fire underwriters, relating in any manner to Lessee's use or occupancy of the Premises (including but not limited to the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Materials (which are addressed in Paragraph 9 hereof)), now in effect or which may hereafter come into effect. Lessee shall, within five (5) days after receipt of Lessor's written request, provide Lessor with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Lessee's compliance with any Laws specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Lessee or the Premises to comply with any Laws. Notwithstanding the foregoing, any structural changes or other changes to the Property of any nature which would be considered a capital expenditure under GAAP to the Premises shall be made by Lessor at Lessee's expense if such structural changes are required by reason of the specific nature of the use of the Premises by Lessee. If such changes are not required by reason of the specific nature of Lessee's use of the Premises and are capital expenditures, the cost of such changes shall be treated as an Operating Expense and amortized in accordance with the provisions of Paragraph 5(b).

(f) Subject to Paragraph 31 (including Lessee's Secured Area protections), Lessor, Lessor's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lenders") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after at least 24 hours prior notice to Lessee, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease and all Laws, and Lessor shall be entitled to employ experts and/or consultants in connection therewith to advise Lessor with respect to Lessee's activities, including but not limited to Lessee's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a default or breach of this Lease by Lessee or a violation of Laws or a contamination, caused or materially contributed to by Lessee, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Lessee shall upon request reimburse Lessor or Lessor's Lender, as the case may be, for the costs and expenses of such inspections.

(g) During the term of this Lease, Lessee shall comply, at Lessee's expense, with all of the covenants, conditions, and restrictions affecting the Premises which are recorded in the Official Records of San Mateo County, California, and which are in effect as of the date of this Lease.

(h) Lessee shall surrender the Premises by the last day of the lease Term or any earlier termination date, with all of the improvements to the Premises, parts, and surfaces thereof clean and free of debris and in good operating order, condition, and state of repair, ordinary wear and tear excepted. Lessee's failure to surrender the Premises in accordance with the terms and conditions of this Lease, including, without limitation, this Paragraph 14(h) shall be deemed to be a material default under the Lease. "Ordinary wear and tear" shall not include any damage or

deterioration that would have been prevented by good maintenance practice or by Lessee performing all of its obligations under this Lease. Notwithstanding the foregoing, prior to the last day of the Term (or earlier termination of the Lease), Lessee shall (i) restore all walls in the Premises to the same condition existing immediately following completion of the Tenant Improvements, including patching and sanding all holes to match the original texture of the walls and touch-up painting to match the original paint; (ii) replace any broken, chipped, stained or discolored ceiling tiles in the Premises to match the existing tiles; and (iii) vacuum and steam clean all carpets and remove all stains, and throughout the term of the Lease purchase an excess of five percent (5%) of any carpet that is installed in the Premises and deliver such excess carpet to Lessor upon surrender if such carpet is still installed in the Premises. In addition to the foregoing, the obligations of Lessee shall include the repair of any damage occasioned by the installation, maintenance, or removal of Lessee's trade fixtures, furnishings, equipment, and alterations, and, subject to Lessee's right not to remove certain alterations in accordance with subparagraph (d) above, the restoration by Lessee of the Premises to its condition upon completion of the Initial Improvement Work. Subject to the foregoing, upon the expiration or sooner termination of this Lease all alterations, fixtures and improvements to the Premises, whether made by Lessor or installed by Lessee at Lessee's expense, shall be surrendered by Lessee with the Premises and shall become the property of Lessor; provided, however, that Lessee's furniture and other personal property, not provided by or paid for by Lessor and not permanently affixed to the Premises which can be removed without materially damaging the Premises may be removed by Lessee. Lessee shall repair to Lessor's reasonable satisfaction all damage to the Premises occasioned by removal of Lessee's Property. Prior to the expiration of the term of this Lease or any earlier termination date, Lessee shall, at Lessee's expense, obtain written closure reports from the San Mateo County Health Department and from the Menlo Park Fire Protection District with respect to any Hazardous Materials used, stored, or released by Lessee on or about the Premises. Both written closure reports shall provide written certification that all Hazardous Materials have been removed from the Premises and that no further action is required in connection with the closure of the Premises. Any removal and remediation of Hazardous Materials by Lessee shall be certified in writing as (1) complete and (2) having been properly performed, by the San Mateo County Health Department and the Menlo Park Fire Protection District and a copy of such written certifications shall be delivered by Lessee to Lessor no later than the last day of the Term of this Lease.

(i) Except as otherwise provided in this Lease, Lessee waives all right to make repairs at the expense of Lessor, or to deduct the costs thereof from the rent, and Lessee waives all rights under Section 1941 and 1942 of the Civil Code of the State of California.

(j) Compliance with Americans with Disabilities Act: Lessee hereby waives any and all rights under, and benefits of, California Civil Code 1938 and acknowledges that neither the Building nor the Premises has undergone inspection by a Certified Access Specialist (CASp). Lessee shall not engage any CASp to inspect the Premises without the Lessor's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Lessor may require that Lessee select a CASp reasonably approved by Lessor for any inspection of the Premises. Lessor and Lessee hereby agree and acknowledge that the Premises, the Building and/or the Park may be subject to the requirements of the Americans with Disabilities Act, a federal law codified

at 42 U.S.C. 12101 et seq., including, but not limited to Title III thereof, all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, including all requirements of Title 24 of the State of California, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented (collectively, the "ADA"). Any alterations shall be in compliance with the requirements of the ADA, and all costs incurred for purposes of compliance therewith shall be a part of and included in the costs of such alterations. Lessee shall be solely responsible for conducting its own independent investigation of this matter and for ensuring that the design of all such alterations strictly comply with all requirements of the ADA. Subject to reimbursement pursuant to Section 5 of the Lease, if any barrier removal work or other work is required to the Building, the Common Areas or the Park under the ADA, then such work shall be the responsibility of Lessor; provided, if such work is required under the ADA as a result of Lessee's specific use of the Premises or any work or alteration made to the Premises by or on behalf of Lessee, then such work shall be performed by Lessor at the sole cost and expense of Lessee. Nothing in this subparagraph (j) is intended to limit or reduce Lessor's obligations under the Work Letter. Except as otherwise expressly provided in this provision, Lessee shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA pertaining to Lessee's use of the Premises, including without limitation, not discriminating against any disabled persons in the operation of Lessee's business in or about the Premises, and offering or otherwise providing auxiliary aids and services as, and when, required by the ADA. Within ten (10) days after receipt, Lessor and Lessee shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Building. Lessee shall and hereby does agrees to protect, defend (with counsel acceptable to Lessor) and hold Lessor and the other Indemnitees harmless and indemnify the Indemnitees from and against all liabilities, damages, claims, losses, penalties , judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Lessee's or Lessee's Representatives' violation or alleged violation of the ADA. Lessee agrees that the obligations of Lessee herein shall survive the expiration or earlier termination of this Lease.

(k) In the event that Lessee leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Lessee in the operation of Lessee's business (which Lessee shall have the right to do), Lessee warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Lessee located within the Premises. In no event shall the address of the Premises be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property located in an identified suite leased by Lessee. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against

any interest of Lessor, Lessee shall, within ten (10) days after filing such financing statement, cause (a) a copy of the lender security agreement or other documents to which the financing statement pertains to be furnished to Lessor to facilitate Lessor's ability to demonstrate that the lien of such financing statement is not applicable to Lessor's interest and (b) Lessee's lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Lessor in the Premises. Upon Lessee's request, Lessor shall promptly execute and deliver to Lessee a commercially reasonable form of Lessor's waiver reasonably acceptable to Lessor in favor of any equipment lienor.

15. Utilities and Services.

(a) Lessor shall contract for and pay for, and Lessee shall reimburse Lessor the actual cost therefor pursuant to Paragraph 5 as an Operating Expense, all water, heat and air conditioning service, janitorial service (but not including the interior of the Building), refuse pick-up, sewer charges, and all other utilities or services supplied to or consumed by Lessee, its agents, employees, contractors, and invitees on or about the Premises, excluding gas, electrical and telephone service to the Premises for which Lessee shall contract and pay directly. Lessee shall pay Lessor, within fifteen (15) days after receipt of written invoice, the cost of installing separate metering of electrical service to the Premises, estimated to be Ten Thousand Dollars ($10,000.00).

(b) Lessor shall not be liable to Lessee for any interruption or failure of any utility services to the Building or the Premises which is not caused by the active negligence or willful acts of Lessor. Lessee shall not be relieved from the performance of any covenant or agreement in this Lease because of any such failure. Lessor shall make all repairs to the Premises required to restore such services to the Premises and the cost thereof shall be payable by Lessee pursuant to Paragraph 5 as a current Operating Expense, or as a capital expense which is amortized over its useful life (together with interest thereon) as an Operating Expense in accordance with GAAP as described in Paragraph 5(b); provided, however, if such failure is caused by the active negligence or willful acts of Lessor, then Lessor shall bear such costs.

(c) In the event that Lessee, pursuant to the terms of this Lease, contracts directly for the provision of electricity, gas and/or water services to the Premises with the third-party provider thereof (all in Lessor's reasonable discretion), Lessee shall within ten (10) business days following its receipt of written request from Lessor, provide Lessor with a copy of each requested invoice from the applicable utility provider. Lessee acknowledges that pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively, the "Energy Disclosure Requirements"), Lessor may be required to disclose information concerning Lessee's energy usage at the Building to certain third parties, including without limitation, prospective purchasers, lenders and Lessees of the Building (the "Lessee Energy Use Disclosure"). Lessee hereby (A) consents to all such Lessee Energy Use Disclosures, and (B) acknowledges that Lessor shall not be required to notify Lessee of any Lessee Energy Use Disclosure. Further, Lessee hereby releases Lessor from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Lessee Energy Use Disclosure. The terms of this Paragraph shall survive the expiration or earlier termination of this Lease.

(d) Lessor will not be liable to Lessee or any other person, for direct or consequential damages, or otherwise, for any failure to supply any heat, air conditioning, elevator, cleaning, water, lighting or for any surges or interruptions of electricity, or other service Lessor has agreed to supply during any period or that prevent access to the Premises. However, if such services are, or access is, interrupted such that Lessee is prevented from using the Premises (or a portion thereof) for a period of more than 5 consecutive business days (the "Eligibility Period") and such interruption is attributable to: (a) Lessor's failure to effect repairs required to be made by Lessor hereunder as a result of Lessor's negligence or breach of the Lease; (b) the negligence or willful misconduct of Lessor; or (c) Lessor's failure to act reasonably to restore such interruption after notice from Lessee or any governmental authority or utility company, then the Rent shall abate with regard to the proportion of the Premises that is unusable until such time as Lessee is able to use the Premises (or any portion thereof); provided that Lessee shall be entitled to abatement if such interruption is not caused by Lessee's negligence or willful misconduct or failure to maintain, repair or operate its back-up generator. To the extent Lessee shall be entitled to abatement because of damage or destruction pursuant to Article 20 or a taking pursuant to Article 21, the Eligibility Period shall not be applicable.

16. Liens. Lessee agrees to keep the Premises free from all liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall give Lessor at least ten (10) calendar days prior written notice before commencing any work of improvement on the Premises, the contract price for which exceeds Fifty Thousand Dollars ($50,000). Lessor shall have the right to post notices of non-responsibility with respect to any such work. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense, defend and protect itself, Lessor and the Property against the same, and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Property.

17. Assignment and Subletting. Lessee or any Permitted Transferee (as hereinafter defined) of Lessee shall be permitted to assign the Lease or sublease all or any portion of the Premises, subject to Lessor's consent, which consent will not be unreasonably withheld, conditioned or delayed. Lessor's consent shall not be required for (i) assignments or subleases to affiliates, where Lessee remains liable for the Lease, (ii) assignments arising out of a merger, consolidation or comparable transactions, where the resulting successor entity satisfies a minimum net worth requirement to be provided for in the Lease, (iii) or use of individual offices and other spaces within the Premises on an undemised basis by affiliates, or, to the extent of up to 10% of the Premises, by business partner or clients and others having a business relationship with Lessee ("Special Transferee"), as further described in Paragraph 17(f) below. While Lessor's consent may not be required, Lessor shall nonetheless be entitled to prior notice of the proposed assignment and sublease and in the case of Lessee entering into sublease agreement or an assignment of the Lease or other occupancy agreement, Lessor shall have the right to reasonably review and consent to the form and require, among other things, all assignees and subtenants to provide evidence of the required insurance under the Lease. As more particularly described in the Lease, other than to a Permitted Transferee certain of the Tenant's rights and privileges under the Lease shall not be transferable to assignees, subtenants and other transferees occupying space in the Premises. Tenant and Lessor shall split equally any Net Profits derived from any sublease contemplated above.

"Net Profits" shall mean all cash rent payable by an assignee or subtenant ("Transferees") in connection with the assignment or sublease ("Transfer") in excess of the Base Rent and Operating Expenses payable by Lessee under this Lease during the term of the Transfer (on a per rentable square foot basis if less than all of the Premises is transferred) after deducting the expenses incurred or to be incurred by Lessee for the following (collectively, "Transfer Cost"): (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any space planning, architectural or design fees or other expenses incurred in marketing such space or in connection with such Transfer, (iii) any improvement allowance, rent abatement or other monetary concessions provided by Lessee to the Transferee, (iv) any brokerage commissions incurred by Lessee in connection with the Transfer, (v) any attorneys' fees incurred by Lessee in connection with the Transfer, (vi) any lease takeover costs incurred by Lessee in connection with the Transfer, (vii) any costs of advertising the space which is the subject of the Transfer, with all such costs amortized over the term of the sublease, viii) all initial Tenant Improvement Costs solely paid for by Lessee for only the original Lease Term.

(a) Except as otherwise provided in this Paragraph 17, Lessee shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of Lessor in each instance pursuant to the terms and conditions set forth below, which consent shall not be unreasonably withheld, conditioned or delayed, subject to the following provisions; provided, however, Lessee shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the Premises, or any portion thereof, if Lessee shall be in default under this Lease past any applicable cure period.

(b) Except with respect to a Permitted Transferee, if at the time Lessee provides written notice ("Intention Notice") to Lessor that Lessee intends to assign the Lease or sublease more than fifty percent (50%) of the Building (along with the rental rate and other lease concessions at which Lessee intends to lease such space) and Lessor reasonably determines that there is, or will be, within nine (9) months, space within the Menlo Business Park available for lease of approximately the same square footage, Lessor may, no later than ten (10) days after receipt of Lessee's Intention Notice, notify Lessee that Lessor elects to terminate this Lease (as to the entire Premises in the case of an assignment or the portion being sublet in the case of a sublease), and the effective date of termination shall be ninety (90) days after Tenant provides notice to Landlord. If Lessor elects to terminate this Lease pursuant to the foregoing provision, upon the effective date of termination, Lessor and Lessee shall each be released and discharged from any liability or obligation to the other under this Lease accruing thereafter with respect to the Premises or the portion thereof to which the termination applies, except for any obligations which survive the expiration or termination of this Lease by the express terms hereof, and Lessee agrees that Lessor may enter into a direct lease with any proposed assignee or sublessee without any obligation or liability to Lessee. Lessor's failure to respond to Lessee on or before the

expiration of such ten (10) day period shall be deemed Lessor's waiver of its right under this Section l7(b) and Lessee shall thereafter be free to assign the Lease or sublease the Premises on rate and terms acceptable to Lessee in its sole and absolute discretion (subject, however, to Section 17(c) below); provided that if Lessee does not assign or sublet such space within nine (9) months after delivery of the Intention Notice, Lessee must deliver to Lessor a new Intention Notice prior to assigning or subletting such space.

(c) Prior to any assignment or sublease which Lessee desires to make, other than a Permitted Transfer (as defined in Paragraph 17(f) below), Lessee shall provide to Lessor the name and address of the proposed assignee or sublessee, and true and complete copies of all documents relating to Lessee's prospective agreement to assign or sublease, a copy of a current financial statement for such proposed assignee or sublessee, and any other relevant information requested by Lessor within five (5) days after receipt of notice of the proposed assignment or sublease and Lessee shall specify all consideration to be received by Lessee for such assignment or sublease in the form of lump sum payments, installments of rent, or otherwise. For purposes of this Paragraph 17, the term "consideration" shall include all money or other consideration to be received by Lessee for such assignment or sublease. Within ten (10) days after the receipt of such documentation and other information, Lessor (1) shall notify Lessee in writing that Lessor elects to consent to the proposed assignment or sublease subject to the terms and conditions hereinafter set forth; or (2) shall notify Lessee in writing that Lessor refuses such consent, specifying reasonable grounds for such refusal.

In deciding whether to consent to any proposed assignment or sublease, Lessor may take into account whether reasonable conditions have been satisfied, including, but not limited to, the following:

(1) In Lessor's reasonable judgment, the proposed assignee or subtenant is engaged in such a business, that the Premises, or the relevant part thereof, will be used in such a manner which complies with Paragraph 8 hereof entitled "Use" and Lessee or the proposed assignee or sublessee submits to Lessor documentary evidence reasonably satisfactory to Lessor that such proposed use constitutes a permitted use of the Premises pursuant to the ordinances and regulations of the City of Menlo Park; and

(2) The proposed assignee or subtenant is an entity or individual with sufficient financial creditworthiness so as to reasonably indicate that it will be able to meet its obligations under this Lease or the sublease in a timely manner.

(d) As a condition to Lessor's granting its consent to any assignment or sublease, except with respect to any Permitted Transferees, (1) Lessor may require that Lessee pay to Lessor, as and when received by Lessee, fifty percent (50%) of the amount of any excess of the consideration to be received by Lessee in connection with said assignment or sublease over and above the Monthly Base Rent and Additional Rent fixed by this Lease and payable by Lessee to Lessor, after deducting only (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any space planning, architectural or design fees or other expenses incurred in marketing such space or in connection with such Transfer, (iii) any improvement allowance, rent abatement or other monetary concessions provided by Lessee to the Transferee, (iv) any brokerage commissions incurred by Lessee in connection with the

Transfer, (v) any attorneys' fees incurred by Lessee in connection with the Transfer, (vi) any lease takeover costs incurred by Lessee in connection with the Transfer, (viii) any costs of advertising the space which is the subject of the Transfer, with all such costs amortized over the term of the sublease, (viii) all initial Lessee Improvement costs solely paid for by Lessee for only the initial Lease Term.

(e) Each assignment or sublease agreement to which Lessor has consented shall be an instrument in writing in form reasonably satisfactory to Lessor, and shall be executed by both Lessee and the assignee or sublessee, as the case may be, and such assignee or sublessee shall provide evidence of the insurance required by this Lease. Each such assignment or sublease agreement shall recite that it is and shall be subject and subordinate to the provisions of this Lease, that the assignee or sublessee accepts such assignment or sublease, that Lessor's consent thereto shall not constitute a consent to any subsequent assignment or subletting by Lessee or the assignee or sublessee, and, except as otherwise set forth in a sublease approved by Lessor, agrees to perform all of the obligations of Lessee hereunder (to the extent such obligations relate to the portion of the Premises assigned or subleased), and that the termination of this Lease shall, at Lessor's sole election, constitute a termination of every such assignment or sublease.

(f) In the event Lessor shall consent to an assignment or sublease, Lessee shall nonetheless remain primarily liable for all obligations and liabilities of Lessee under this Lease, including but not limited to the payment of rent.

(g) Notwithstanding the foregoing, Lessee (including any Permitted Transferee of Lessee) may, without Lessor's prior written consent and without any participation by Lessor in assignment and subletting proceeds, but with prior notice and documentation, as required pursuant to this Paragraph 17(f), provided to Lessor, sublet a portion or the entire Premises or assign this Lease to (i) a subsidiary, affiliate, division or corporation controlled or under common control with Lessee (''affiliate"); (ii) to a successor corporation related to Lessee by merger, consolidation or reorganization; or (iii) to a purchaser of substantially all of Lessee's business operations conducted on the Premises (each such transaction referred to herein as a "Permitted Transfer" and each of the foregoing transferees referred to herein as a "Permitted Transferee"), provided that any such Permitted Transferee shall have a current verifiable net worth prior to the transfer at least equal to that of Lessee on the Commencement Date of this Lease, or, if less, financial resources sufficient, in Lessor's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable. Additionally, Lessee may, without Lessor's prior written consent and without any participation by Lessor in assignment and subletting proceeds, but with prior notice and documentation, as required pursuant to this Paragraph 17(f) provided to Lessor, permit the use of individual offices and other spaces within the Premises on an undemised basis by affiliates, or, to the extent of up to an aggregate of 10% of the Premises, by business partners or clients and others having a business relationship with Lessee. Lessee's foregoing rights in this Paragraph 17(f) to assign this Lease or to sublease all or a portion of the entire Premises shall be subject to the following conditions: (1) Lessee shall not be in default hereunder past any applicable cure period; (2) in the case of an assignment or subletting to an affiliate, Lessee shall remain liable to Lessor hereunder if Lessee is a surviving entity; (3) the transferee or successor entity shall expressly assume in writing all of Lessee's obligations hereunder; and (4) Lessee shall provide Lessor with prior notice of such proposed

transfer (or as soon thereafter as possible in the event that the giving of notice would cause Lessee to be in violation of a confidentiality agreement) and deliver to Lessor all documents reasonably requested by Lessor relating to such transfer, including but not limited to documentation sufficient to establish such proposed transferee's current verifiable net worth prior to the transfer at least equal to that of Lessee on the Commencement Date of this Lease, or, if less, financial resources sufficient, in Lessor's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable.

(h) Subject to the provisions of this Paragraph 17 any assignment or sublease (if such consent is required hereunder) without Lessor's prior written consent shall at Lessor's election be void. The consent by Lessor to any assignment or sublease shall not constitute a waiver of the provisions of this Paragraph 17, including the requirement of Lessor's prior written consent, with respect to any subsequent assignment or sublease. If Lessee shall purport to assign this Lease, or sublease all or any portion of the Premises, or permit any person or persons other than Lessee to occupy the Premises, without Lessor's prior written consent (if such consent is required hereunder), Lessor may collect rent from the person or persons then or thereafter occupying the Premises and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of Lessor's rights and remedies under this Paragraph 17, or the acceptance of any such purported assignee, sublessee, or occupant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained.

(i) Lessee shall not hypothecate or encumber its interest under this Lease or enter into any license or concession agreement respecting all or any portion of the Premises, without Lessor's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. Lessee's granting of any such license, or concession agreement shall constitute an assignment for purposes of this Paragraph 17.

(j) In the event of any sale or exchange of the Premises by Lessor and assignment of this Lease by Lessor, Lessor shall, upon providing Lessee with written confirmation that the assignee has assumed (in writing) all obligations of Lessor under this Lease and Lessor has delivered any Security Deposit held by Lessor to Lessor's successor in interest, be and hereby is entirely relieved of all liability under any and all of Lessor's covenants and obligations contained in or derived from this Lease with respect to the period commencing with the consummation of the sale or exchange and assignment.

18. Non-Waiver.

(a) No waiver of any provision of this Lease shall be implied by any failure of Lessor or Lessee to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Lessor or Lessee of any provision of this Lease must be in writing.

(b) No receipt of Lessor of a lesser payment than the rent required under this Lease shall be considered to be other than on account of the earliest rent due, and no endorsement or statement on any check or letter accompanying a payment or check shall be considered an accord and satisfaction. Lessor may accept checks or payments without prejudice to Lessor's right to recover all amounts due and pursue all other remedies provided for in this Lease.

Lessor's receipt of any rent or other payment from Lessee after giving notice to Lessee terminating this Lease shall in no way reinstate, continue, or extend the Lease term or affect the termination notice given by Lessor before the receipt of such rent or payment. After serving notice terminating this Lease, filing an action, or obtaining final judgment for possession of the Premises, Lessor may receive and collect any rent, and the payment of that rent shall not waive or affect such prior notice, action, or judgment.

19. Holding Over. Lessee shall vacate the Premises and deliver the same to Lessor upon the expiration or sooner termination of this Lease. In the event of holding over by Lessee after the expiration or termination of this Lease, such holding over shall be on a month-to-month tenancy and all of the terms and provisions of this Lease shall be applicable during such period, except that in addition to the payment of Additional Rent, Lessee shall pay Lessor as. Monthly Base Rent during such holdover an amount equal to the greater of (i) one hundred fifty percent (150%) of the Monthly Base Rent in effect at the expiration of the term, or (ii) the then market rent for comparable research and development/office space. If such holdover is without Lessor's written consent, Lessee shall be liable to Lessor for all costs, expenses and damages incurred by Lessor as a result of such holdover, including but not limited to damages resulting from Lessor's inability to timely deliver possession of the Premises to a new tenant. The rental payable during such holdover period without Lessor's written consent shall be payable to Lessor on demand.

20. Damage or Destruction.

(a) In the event of a total destruction of the Building during the term from any cause, either party may elect to terminate this Lease by giving written notice of termination to the other party within thirty (30) days after the casualty occurs. A total destruction shall be deemed to have occurred for this purpose if the Building or the Premises that are the subject of this Lease are destroyed to the extent of seventy-five percent (75%) or more of the replacement cost thereof. If the Lease is not terminated, Lessor shall repair and restore the Premises in a diligent manner and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent of the Premises which are the subject of this Lease shall be abated in accordance with Paragraph 20(d) below.

(b) In the event of a partial destruction of the Building or the Premises to an extent less than seventy-five percent (75%) of the replacement cost thereof, and if Lessor reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of two hundred forty (240) days from the date of such casualty, there are at least twelve (12) months. remaining in the term of this Lease, and the casualty is from a cause which is insured under Lessor's "all risk" property insurance, or is insured under any other coverage then carried by Lessor, Lessor shall forthwith repair the same, and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent shall be abated in accordance with Paragraph 20(d) below. If any of the foregoing conditions are not met, Lessor shall have the option of either repairing and restoring the Building and Improvements, or terminating this Lease by giving written notice of termination to Lessee within sixty (60) days after the casualty. Notwithstanding anything to the contrary contained in this Paragraph 20, Lessor shall not have the right to terminate this Lease if the cost to repair the damage to the Building or to restore the Premises would cost less than five percent (5%) of the replacement cost of the Building, regardless of whether or not the casualty is insured provided that there are at least twelve (12) months remaining in the term of this Lease.

(c) Lessor's election to repair and restore the Building and Improvements or to terminate this Lease, shall be made and written notice thereof shall be given to Lessee within sixty (60) days after the casualty. Notwithstanding the foregoing, (1) Lessee may terminate this Lease by written notice to Lessor if Lessor has not obtained all necessary governmental permits for the restoration and commenced construction of the restoration within ninety (90) days after the casualty; or (2) if Lessor elects to repair and restore the Building and Improvements under Paragraph 20(b) above, but the repairs and restoration are not substantially completed within two hundred forty (240) days after the casualty plus the period of any force majeure delays (as defined in subparagraph (e)), Lessee may terminate this Lease by written notice to Lessor given within thirty (30) days after the expiration of said period of two hundred forty (240) days after the casualty, provided that the repairs and restoration are not substantially completed prior to the receipt by Lessor of such notice of termination.

(d) In the event of repair, reconstruction, or restoration as provided herein, the Monthly Base Rent and Additional Rent shall be abated proportionally in the ratio which the Lessee's use of the Premises is impaired and Lessee does not use such portion of the Premises during the period of such repair, reconstruction, or restoration, from the date of the casualty until such repair, reconstruction or restoration is substantially completed and a certificate of occupancy (or its functional equivalent) has been issued by the applicable governmental authority.

(e) With respect to any destruction of the Building and Improvements which Lessor is obligated to repair, or may elect to repair, under the terms of this Paragraph 20, the provisions of Section 1932, Subdivision 2, and of Section 1933, Subdivision 4, of the Civil Code of the State of California are waived by the parties. Lessor's obligation to repair and restore the Building and Improvements shall include the Tenant Improvements referred to in Paragraph 13(a) up to the cost of the Tenant Improvement Allowance. Lessor's time for completion of the repairs and restoration of the Building and Improvements referred to above shall be extended by a period equal to any delays ("force majeure delays") caused by strikes, labor disputes, unavailability of materials, inclement weather, circumstances not within Lessor's control, or acts of God, but in no event by more than sixty (60) days.

(f) In the event of termination of this Lease pursuant to any of the provisions of this Paragraph 20, the Monthly Base Rent and Additional Rent shall be apportioned on a per diem basis and shall be paid to the date of the casualty. In no event shall Lessor be liable to Lessee for any damages resulting to Lessee from the occurrence of such casualty, or from the repairing or restoration of the Building and Improvements, or from the termination of this Lease as provided herein, nor shall Lessee be relieved thereby from any of Lessee's obligations hereunder, except to the extent and upon the conditions expressly set forth in this Paragraph 20.

21. Eminent Domain.

(a) If the whole or any substantial part of the Property is taken or condemned by any competent public authority for any public use or purpose, the term of this Lease shall end upon

the earlier to occur of the date when the possession of the part so taken shall be required for such use or purpose or the vesting of title in such public authority. Rent shall be apportioned as of the date of such termination. Any award arising from the condemnation of any portion of the Property or the settlement thereof shall belong to and be paid to Lessor. However, Lessee may file a separate claim at Lessee's sole cost and expense for (i) leasehold improvements installed at Lessee's expense or other property owned by Lessee, and (ii) reasonable costs of moving by Lessee to another location in San Mateo County or surrounding areas within the San Francisco Bay Area. In all events, Lessor shall be solely entitled to any award with respect to the real property, including the bonus value of the leasehold.

(b) If there is a partial taking of the Property by eminent domain which is not a substantial part of the Property and the Premises remain reasonably suitable for continued use and occupancy by Lessee for the purposes referred to in Paragraph 8, Lessor shall complete any necessary repairs in a diligent manner and this Lease shall remain in full force and effect with a just and proportionate abatement of the Monthly Base Rent and Additional Rent, based on the extent to which Lessee's use of the Premises is completely impaired thereafter. If after a partial taking, the Premises are not reasonably suitable for Lessee's continued use and occupancy for the uses permitted herein, Lessee may terminate this Lease effective on the earlier of the date title vests in the public authority or the date possession is taken. Subject to the provisions of Paragraph 21(a), the entire award for such taking shall be the property of Lessor.

(c) If, in Lessee's reasonable judgment, so much of the Premises or Building is taken so as to (i) materially interfere with the conduct of Lessee's business from the Premises, and (ii) substantially impairs access to the Premises or the parking facilities, or (iv) substantially impairs use of the parking facilities, in each case for a period in excess of ninety (90) days, Lessee shall have the option to terminate this Lease upon ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking.

22. Remedies. If Lessee fails to make any payment of rent or any other sum due under this Lease for five (5) days after receipt by Lessee of written notice from Lessor; or if Lessee fails to comply with any term, provision or covenant of this Lease and does not cure such failure within twenty (20) days after receipt by Lessee of written notice from Lessor or such shorter time period specified in this Lease (unless such default is incapable of cure within twenty (20) days and Lessee commences cure within twenty (20) days and thereafter diligently prosecutes the cure to completion within a reasonable time; or if Lessee's interest herein, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease); or if Lessee makes a general assignment for the benefit of its creditors; or if this Lease is rejected (i) by a bankruptcy trustee for Lessee, (ii) by Lessee as debtor in possession, or (iii) by failure of Lessee as a bankrupt debtor to act timely in assuming or rejecting this Lease; then any of such events shall constitute an event of default and breach of this Lease by Lessee and Lessor may, at its option, elect the remedies specified in either subparagraph (a) or (b) below. Any such rejection of this Lease referred to above shall not cause an automatic termination of this Lease. Whenever in this Lease reference is made to a default by Lessee, such reference shall refer to an event of default (beyond the expiration of the applicable notice and cure period) as defined in this Paragraph 22.

(a) Lessor may repossess the Premises and remove all persons and property therefrom. If Lessor terminates this Lease because of a breach of this Lease, this Lease shall terminate and Lessor may recover from Lessee:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest thereon at a rate equal to the discount rate established by the Federal Reserve Bank of San Francisco for member banks, plus one percent (1%), or the maximum legal rate of interest, whichever is less, from the time of termination until paid;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided, including interest thereon at a rate equal to the Federal discount rate plus one percent (1%) per annum, or the maximum legal rate of interest, whichever is less, from the time of termination until paid;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided discounted at the discount rate established by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%); and

(4) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's breach or by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

(b) If Lessor does not terminate this Lease, then this Lease shall continue in effect and Lessor may enforce all of its rights and remedies under this Lease, including the right to recover the rent and other sums due from Lessee hereunder. For the purposes of this Paragraph 22, the following do not constitute a termination of the Lease by Lessor:

(1) Acts of maintenance or preservation by Lessor or efforts by Lessor to relet the Premises; or

(2) The appointment of a receiver by Lessor to protect Lessor's interests under this Lease.

(c) Lessor's failure to perform or observe any of its obligations under this Lease or to correct a breach of any warranty or representation made in this Lease within twenty (20) days after receipt of written notice from Lessee setting forth in reasonable detail the nature and extent of the failure referencing pertinent Lease provisions or if more than twenty (20) days is required to cure the breach, Lessor's failure to begin curing within the twenty (20) day period and diligently prosecute the cure to completion, shall constitute a default. If Lessor commits a default, Lessee may exercise all rights and remedies under this Lease, at law or in equity; provided, however, in no event shall Lessor be liable for any consequential damages which may suffered by Lessee.

(d) All covenants and agreements to be performed by Lessee under this Lease shall be at its sole cost and expense and without abatement of rent or other sums due under this Lease, unless otherwise specified in this Lease. If Lessee shall fail to pay any sum of money required to be paid by Lessee under this Lease or shall fail to perform any other act on Lessee's part to be performed under this Lease within the time periods described in the first paragraph of Paragraph 22(a), Lessor may, but shall not be obligated so to do and without waiving or releasing Lessee from any obligations of Lessee, make any such payment or perform any such other act on Lessee's part to be made or performed as provided in this Lease. All sums paid by Lessor, whether to fulfill Lessee's unfulfilled payment obligations, to perform Lessee's unfulfilled performance obligations, or to compel Lessee to fulfill or perform its obligations under this Lease, and all incidental costs, including attorneys' fees, plus an administrative fee of five percent (5%) of all amounts so expended by Lessor, shall be deemed additional rent hereunder and shall be payable to Lessor upon demand.

23. Lessee's Personal Property. If any personal property of Lessee remains on the Premises after (1) Lessor terminates this Lease pursuant to Paragraph 22 above following an event of default by Lessee, or (2) after the expiration of the Lease Term or after the termination of this Lease pursuant to any other provisions hereof, Lessor shall give written notice thereof to Lessee pursuant to applicable law. Lessor shall thereafter release, store, and dispose of any such personal property of Lessee in accordance with the provisions of applicable law.

24. Notices. All notices, demands, consents or approvals (collectively, "Notices") which may or are required to be given by either party to the other under this Lease shall be in writing and shall be deemed to have been fully given as provided in Paragraph 36(u). Each Notice shall be addressed to Lessor and Lessee at the following address or facsimile number, or to such place as either party may from time to time designate in a written notice to the other party:

| | |
|---|---|
| Lessor: | Menlo PREHC I, LLC<br>Menlo PREPI I, LLC<br>TPI Investors 9, LLC<br>c/o Tarlton Properties, Inc.<br>1530 O'Brien Drive, Suite C<br>Menlo Park, California 94025<br>Attention: John C. Tarlton, President<br>Telephone: (650) 330-3600<br>Facsimile Number: (650) 330-3636 |
| Lessee - Before Commencement Date: | Grail, Inc.<br>200 Cardinal Way<br>Redwood City, California 94063<br>Attention: Jeff Huber, CEO |
| Lessee - After Commencement Date: | Grail, Inc.<br>1525 O'Brien Drive<br>Menlo Park, California 94025<br>Attention: Jeff Huber, CEO |

25. Estoppel Certificate. Lessee and Lessor shall within ten (10) days following request by the other party (the "Requesting Party"), execute and deliver to the Requesting Party an estoppel certificate (1) certifying that this Lease has not been modified and certifying that this Lease is in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (2) stating the date to which the rent and other charges are paid in advance, if at all; (3) stating the amount of any Security Deposit held by Lessor; (4) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the Requesting Party hereunder, or if there are uncured defaults on the part of the Requesting Party, stating the nature of such uncured defaults; and (5) any other provisions reasonably requested by either party.

26. Signage. Lessee may install all legally permitted signage at and in the Premises, monument signage at the driveway to the front of the Building, and signage on the Building facade at the side of each entrance to the Building (but otherwise not including building exterior signage). All of Lessee's signage shall comply with the City of Menlo Park sign ordinances and regulations and shall be subject to Lessor's Project signage standards as reasonably determined by Lessor. Lessee shall pay all costs associated with fabrication, installation, maintenance and ventual removal of Lessee's signage, except any signage to be delivered as part of the Initial Improvement Work.

27. Real Estate Brokers. Lessee's broker is Cushman & Wakefield and Kidder Matthews (collectively, "Lessee's Broker") and Lessor's broker is Kidder Matthews (''Lessor's Broker" and collectively with Lessee's Broker, the "Brokers"). Lessor shall pay a leasing commission to the Brokers pursuant to a separate agreement. Each party represents and warrants to the other party that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease other than Lessee's Broker and Lessor's Broker and each party shall hold harmless the other party from all damages, expenses, and liabilities resulting from any claims that may be asserted against the other party by any broker, finder, or other person with whom the other party has or purportedly has dealt, other than the above named brokers.

28. Parking. Lessee shall have the right to the nonexclusive use of three (3) unreserved on-site vehicular parking spaces per one thousand (1,000) rentable square feet of the Premises (rounded to the closest whole number), at no additional cost to Lessee, in the parking area for the Building or nearby parking areas in Menlo Business Park, subject to such rules and regulations for such parking facilities which may be established or altered by Lessor at any time from time to time during the Lease Term, provided that Lessee, at its cost, may mark up to ten (10) parking spaces in close proximity to Lessee's main entrance of the Building as reserved for invitees of Lessee. Such marking and marked parking spaces shall be in compliance with all applicable laws, including the ADA, and may be coupled with alternative uses, such as carpool and electronic vehicle parking. Rules and regulations for parking established by Lessor shall not unreasonably interfere with Lessee's parking rights. Vehicles of Lessee or its employees shall not park in driveways or occupy parking spaces or other areas reserved for deliveries, or loading or unloading.

29. Subordination; Attornment.

(a) This Lease, without any further instrument, shall at all times be subject and subordinate to the lien of any and all mortgages and deeds of trust which may now or hereafter be placed on, against or affect Lessor's estate in the real property of which the Premises form a part, and to all advances made or hereafter to be made upon the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination need be required by any owner or holder of any security instrument provided, however, that in consideration of Lessee's agreement to subordinate this Lease to any future security instrument, such subordination shall be subject to the receipt by Lessee of a subordination non-disturbance and attornment agreement in a commercially reasonable form provided by the holder of such future security instrument, which requires the holder of such security instrument to accept this Lease, and not disturb Lessee's possession, so long as an event of Lessee's default has not occurred and be continuing, executed by the holder of such security instrument. Lessor shall provide to Lessee a non-disturbance agreement from the existing lender with a deed of trust encumbering the Property in the form of Exhibit "H" attached hereto ("Existing Lender SNDA").

(b) In confirmation of such subordination, Lessee covenants and agrees to execute and deliver within ten (10) days of Lessor's request any certificate or other instrument which Lessor may reasonably deem proper to evidence such subordination in commercially reasonable form (the parties agree that Exhibit "H" that is such a commercially reasonable form), without expense to Lessee.

(c) If Lessee is notified in writing of Lessor's default under any deed of trust affecting the Premises and if Lessee is instructed in writing by the party giving notice to make Lessee's rental payments to such beneficiary, Lessee shall comply with such request without liability to Lessor (and with full credit of any amounts paid to such party by Lessee to the corresponding amounts owed to Lessor) until Lessee receives written confirmation that such default has been cured by Lessor and that the deed of trust has been reinstated.

30. Intentionally Omitted.

31. Lessor's Entry. Except in the case of an emergency, Lessor and Lessor's agents shall provide Lessee with at least twenty-four (24) hours' notice prior to entry of the Premises. Lessor may enter the Premises for any reasonable purpose related to Lessor's ownership and operation of the Property. Such entry by Lessor and Lessor's agents shall not impair Lessee's operations more than reasonably necessary. Lessor may enter the Premises at any time without prior notice to Lessee if the Premises are vacant, if Lessee is no longer conducting its ordinary business at the Premises, or if Lessee has made a general assignment for the benefit of creditors. Notwithstanding anything to the contrary set forth in this Lease, Lessee may, upon prior written notice to Lessor, reasonably designate certain areas of the Premises as "Secured Areas". Except in the case of emergency, Lessor shall be accompanied by a representative of Lessee before entering any such Secured Area, and Lessor shall otherwise follow Lessee's commercially reasonable security procedures in connection with any entry into the Premises by Lessor.

32. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the provisions of this Lease or for recovery of the possession of the Premises (including litigation, or a proceeding in a bankruptcy court), the prevailing party shall be entitled to recover from the other party costs of suit and reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

33. Quiet Enjoyment. Upon payment by Lessee of the rent for the Premises and the observance and performance of all of the covenants, conditions, and provisions on Lessee's part to be observed and performed under this Lease within applicable notice and cure periods, Lessee shall have quiet enjoyment and possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

34. Financial Information. Lessee represents and warrants to Lessor that all financial and other information that it has provided to Lessor prior to the date of this Lease is true, correct and complete. Within fifteen (15) days after Lessor's written request (which shall be no more than two (2) times per calendar year) and if and for so long as Lessee is not a publically traded company, Lessee will furnish Lessee's most recent financial statements (audited if available and if not certified by the chief financial officer of Lessee) to Lessor. Lessor agrees that it will not disclose any aspect of such information which Lessee designates as confidential except: (i) to Lessor's lenders or prospective purchasers of the Building; (ii) in litigation; and (iii) if required by court order.

35. SDN List. Lessee represents and warrants to Lessor that Lessee is not, and the entities or individuals that constitute Lessee, that may own or control Lessee, or that may be owned or controlled by Lessee (in all cases, other than through the ownership of publicly traded , direct or indirect ownership interests) (each a "Subject Lessee Party") are not, (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC") for the purpose of identifying suspected terrorists or on the most current list published by the OFAC at its official website, http://www.treas.gov/ofac/tllsdn.pdf or any replacement website or other replacement official publication of such list which identifies an "Specially Designated National" or "blocked person" (either of which are referred to herein as a "SDN"). If at any time during the Lease Term Lessor discovers that Lessee has breached the foregoing representations and warranties, or Lessor reasonably believes that Lessee or any Subject Lessee Party is in violation of any laws relating to terrorism or money laundering or that Lessee or any Subject Lessee Party is identified as an SDN, Lessee shall be deemed in default under this Lease following three (3) days written notice from Lessor to Lessee unless, within such three day period, Lessee delivers written evidence, reasonably acceptable to Lessor, that Lessee is not in violation of such laws or that Lessee (or the Subject Lessee Party, as applicable) is not a person or entity identified as an SDN. Except as otherwise expressly provided in the foregoing sentence, and without further notice, any default by Lessee under this Paragraph 35 shall be deemed an incurable default by Lessee and, in addition to any other rights and remedies that Lessor may have upon such default, Lessor shall also have the right to immediately terminate this Lease upon written notice to Lessee and recover possession of the Premises.

36. General Provisions.

(a) Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture of any association between Lessor and Lessee, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.

(b) Each and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided elsewhere in this Lease, their respective heirs, executors, administrators, successors, and assigns, subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this Lease with respect to the assignment, transfer, encumbering, or subletting of all or any part of Lessee's interest in this Lease.

(c) The captions of the paragraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this instrument.

(e) Notwithstanding which of the parties may be deemed to have prepared this Lease, this Lease shall not be interpreted either for or against Lessor or Lessee, but this Lease shall be interpreted in accordance with the general tenor of the language in an effort to reach an equitable result.

(f) Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Lease.

(g) "Force Majeure Event" shall mean if either Lessor or Lessee is delayed, hindered in or prevented from the performance of any act required under this Lease by reason of strikes, lock- outs, labor troubles, inability to procure standard materials, failure of power, restrictive governmental laws, regulations or orders or governmental action or inaction (including failure, refusal or delay in issuing permits, approvals, authorizations and/or inspections which is not the result of the action or inaction of the party claiming such delay), riots, civil unrest or insurrection, war, fire, earthquake, flood or other natural disaster, unusual and unforeseeable delay which results from an interruption of any public utilities (e.g., electricity, gas, water, telephone) or other unusual and unforeseeable delay not within the reasonable control of the party delayed in performing work or doing acts required under the provisions of this Lease (collectively "Force Majeure"), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Unless otherwise provided herein, the provisions of this Paragraph shall not operate to excuse Lessee from prompt payment of Rent or to excuse Lessor or Lessee from any other payments required under the provisions of this Lease.

(h) Recourse by Lessee for breach of this Lease by Lessor shall be expressly limited to the amount of Lessor's interest in the Property and the rents, issues, insurance, condemnation, and sales proceeds actually received by Lessor, and profits therefrom, and in the event of any such breach or default by Lessor, Lessee hereby waives the right to proceed against any other assets of Lessor or against any other assets of any manager or member of Lessor. If Lessee is a corporation, then the shareholders, directors, officers, employees and agents of such corporation shall not be personally liable for Lessee's obligations under this Lease, and no shareholder, director, officer, employee or agent of Lessee shall be sued or named as a party in any suit or action, and service of process shall not be made against any shareholder, director, officer, employee or agent of Lessee. If Lessee is a limited liability company, then the members of such limited liability company shall not be personally liable for Lessee's obligations under this Lease, and no member of Lessee shall be sued or named as a party in any suit or action, and service of process shall not be made against any member of Lessee except as may be necessary to secure jurisdiction of the limited liability company.

(i) Any provision or provisions of this Lease which shall be found·to be invalid, void or illegal by a court of competent jurisdiction, shall in no way affect, impair, or invalidate any other provisions hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(j) Each party represents to the other that the person signing this Lease on its behalf is properly authorized to do so, and in the event this Lease is signed by an agent or other third party on behalf of either Lessor or Lessee, written authority to sign on behalf of such party in favor of the agent or third party shall be provided to the other party hereto either prior to or simultaneously with the return to such other party of a fully executed copy of this Lease.

(k) No binding agreement between the parties with respect to the Premises shall arise or become effective until this Lease has been duly executed by both Lessee and Lessor and a fully executed copy of this Lease has been delivered to both Lessee and Lessor.

(l) Lessor and Lessee acknowledge that the terms and conditions of this Lease constitute confidential information of Lessor and Lessee. Each party shall use its reasonable good faith efforts to prevent the dissemination orally or in written form, of this Lease, lease proposals, lease drafts, or other documentation containing the terms, identity of the parties, details or conditions contained herein to any third party without obtaining the prior written consent of the other party, except to the attorneys, accountants, lenders, investors, potential investors, potential business or merger partners, potential subtenants and assignees, or other authorized business representatives or agents of the parties, or except to the extent required to comply with applicable laws, including any filings by Lessee pursuant to state or federal securities laws. Neither Lessor nor Lessee shall make any public announcement of the consummation of this Lease transaction without the prior approval of the other party. Nothing in this Paragraph shall prevent Lessor from submitting a copy of this Lease to the Court in connection with any action to enforce the provisions hereof.

(m) Except as provided in Paragraph 22(c), the rights and remedies that either party may have under this Lease or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

(n) Lessee waives any claim for consequential damages which Lessee may have against Lessor for breach of or failure to perform or observe the requirements and obligations created by this Lease. Lessor waives any claim for consequential damages which Lessor may have against Lessee for breach of or failure to perform or observe the requirements and obligations created by this Lease, other than consequential damages arising from Lessee's breach of or failure to perform or observe the requirements of Section 9 (Hazardous Materials), Section 14(e) (Compliance with Laws), Section 14(h) (Restoration) and Section 19 (Holding Over). Notwithstanding the foregoing, Lessee's liability for such consequential damages with regard to Section 19 shall not begin to accrue unless Lessor gives no less than thirty (30) days written notice to Lessee after Lessor executes a new lease or letter of intent to lease the Premises or a portion thereof to a new tenant.

(o) Lessor and Lessee each agree to and they hereby do, to the maximum extent permitted by law, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee, Lessee's use or occupancy of the Premises and/or any claim of injury or damage, and any statutory remedy.

(p) This Lease shall not be recorded.

(q) Whenever this Lease requires an approval, consent, determination, selection or judgment by either Lessor or Lessee, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed and, in exercising any right or remedy hereunder, each party shall at all times act reasonably and in good faith.

(r) Subject to the terms of this Lease, and subject to Tenant obtaining Lessor's consent, which shall not be unreasonably withheld or delayed, Tenant shal1 have the right, at Tenant's sole cost and expense, to bring to the Buildings comprising the Premises such fiber optic cabling as Tenant shall desire. Lessor shall reasonably cooperate with Tenant, at Tenant's sole cost and expense, in connection with Tenant's securing access to the fiber optic cabling of Tenant's choice.

(s) Tenant shall have the right to contract with any internet service provider desired by Tenant, at Tenant's sole cost and expense.

(t) The laws of the State of California shall govern the validity, performance, and enforcement of this Lease.

(u) Notices. All notices required under the Lease and other information concerning this Lease ("Communications") shall be personally delivered or sent by first class mail, postage prepaid, by overnight courier. In addition, the Landlord may, in its sole discretion, send such Communications to the Lessee electronically, or permit Lessee to send such Communications to the Lessor electronically, in the manner described in this Paragraph. Such Communications sent by personal delivery, mail or overnight courier will be sent to the addresses on the signature page of this Agreement, or to such other addresses as the Lessor and Lessee may specify from time to time in writing. Communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, or (ii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

Such Communications may be sent electronically by the Lessor and Lessee (i) by transmitting the Communication to the electronic address provided by the Lessee or to such other electronic address as the Lessee may specify from time to time in writing, or (ii) by posting the Communication on a website and sending the Lessee a notice to the Lessee's postal address or electronic address telling the Lessee that the Communication has been posted, its location, and providing instructions on how to view it. Communications sent electronically to the Lessee will be effective when the Communication, or a notice advising of its posting to a website, is sent to the Lessee's electronic address.

Such Communications may be sent electronically to the Lessor by the Lessee by transmitting the Communication to an electronic address specified by the Lessor for the express purpose of receiving such Communications. Communications sent electronically to the Lessor will be effective when the Communication is received at the specified electronic address.

Accepted: Acknowledged & JH

Lessee's Initials

(v) Amendments. This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Agreement, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

Accepted: Acknowledged & JH

Lessee's Initials

(w) Counterparts; Electronic Signatures. This Lease, and any amendment to this Lease, may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called "pdf " format shall be legal and binding and shall have the same full force and effect as if an original of this Agreement has been delivered. Lessor and Lessee (i) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent by facsimile or electronic mail, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature.

Accepted: Acknowledged & JH

Lessee's Initials

IN WITNESS WHEREOF, the Lessor and Lessee have duly executed this Lease as of the date first set forth herein.

**"LESSOR"**

MENLO PREHC I, LLC,
a Delaware limited liability company

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
a Delaware limited liability company, its authorized signatory

By: /s/ Jeffrey D. Uittenbogaard — Investment Director
Jeffrey D. Uittenbogaard (May 11, 2016)

By: /s/ Michael Benson — Asst Managing Director
Michael Benson (May 12, 2016)

MENLO PREPI I, LLC,
a Delaware limited liability company

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
a Delaware limited liability company, its authorized signatory

By: /s/ Jeffrey D. Uittenbogaard — Investment Director
Jeffrey D. Uittenbogaard (May 11, 2016)

By: /s/ Michael Benson — Asst Managing Director
Michael Benson (May 12, 2016)

TPI INVESTORS 9, LLC
a California limited liability company

By: /s/ John C. Tarlton
John C. Tarlton, Manager

**"LESSEE"**

GRAIL, INC.,
a Delaware Corporation

By: /s/ Jeffery T. Huber
Its: CEO
By: _____
Its: _____

[Note: Two signatures required for CA corporation or corporate resolution authorizing execution of Lease.]

OTHER LESSOR AGREEMENT AND ACKNOWLEDGMENT OF ROFO GRANTED AS TO LOT 3 NORTH IN PARAGRAPH 2(c):

MENLO PARK PORTFOLIO II, LLC,
a Delaware limited liability company

By: PREHC MENLO PARK PORTFOLIO II MEMBER, LLC,
a Delaware limited liability company
Its Co-Managing Member

By: PRINCIPAL REAL ESTATE INVESTORS, LLC
a Delaware limited liability company, authorized signatory

By: /s/ Jeffrey D. Uittenbogaard
Name: Jeffrey D. Uittenbogaard (May 11, 2016)
Title: Investment Director

By: /s/ Michael Benson
Name: Michael Benson (May 12, 2016)
Title: Asst Managing Director

By: TPI INVESTORS II, LLC,
a California limited liability company,

By: TARLTON PROPERTIES, INC.,
a California corporation, Managing Member

By: /s/ John C. Tarlton
John C. Tarlton, President & CEO

**EXHIBIT "A"**

**Legal Description**

**The land referred to in this Report is situated in the State of California, County of San Mateo, City of Menlo Park and is described as follows:**

**PARCEL F:**

**Parcel 2 as shown on that certain map entitled "MENLO BUSINESS PARK PARCEL MAP FOR MERGER OF PARCELS B AND C AS SHOWN ON MAP FILED AUGUST 19, 1986 IN VOLUME 57 OF PARCEL MAPS AT PAGES 86-87 AND LOTS 17 AND 18 OF THE TRACT OF MENLO BUSINESS PARK FILED APRIL 9, 1984 IN VOLUME 111 OF MAPS AT PAGES 50-52, SAN MATEO COUNTY RECORDS MENLO PARK SAN MATEO COUNTY CALIFORNIA", filed February 28, 1990 in Book 61 of Parcel Maps at Pages 94 and 95, Records of San Mateo County, State of California.**

**A.P. No.: 055-474-150 JPN 111 050 000 0012 T**
**111 050 000 0013 T**
**111 050 000 0022 T**
**111 050 000 0023 T**

**FIRST AMENDMENT TO LEASE**

THE FIRST AMENDMENT TO LEASE (this "**Amendment**") is dated as of June 8, 2017 and is among MENLO PREHC I, LLC, a Delaware limited liability company, MENLO PREPI I, LLC, a Delaware limited liability company, and TPI INVESTORS 9, LLC, a California limited liability company (collectively, "**Lessor**"), and GRAIL, INC., a Delaware corporation ("**Lessee**"), with respect to the following recitals:

**RECITALS**

A. Lessee and Lessor entered into that certain Lease dated May 5, 2016 (the "Lease") for the premises consisting of approximately 71,239 rentable square feet at the building commonly known as 1525 O'Brien Drive, Menlo Park, California (the "**Premises**").

B. Pursuant to Section 1(a) of the Lease, Lessor offered to Lessee a Right of First Offer as to the entirety of the building at 1605 Adams Drive, Menlo Park, CA ("**1605 Adams Building**") which was declined by Lessee. After leasing Suite B of the 1605 Adams Building to a third party (the "**Suite B Lease**"), Lessor offered to lease to Lessee Suite A of the 1605 Adams Building and Lessee agreed and then subsequently requested to lease the entirety of the 1605 Adams Building.

C. Accordingly, Lessor and Lessee now desire to amend the Lease to expand the Premises that is subject to the Lease to include the entirety of the 1605 Adams Building on the terms hereinafter set forth, including the condition precedent that the termination of the Suite B lease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged here, Lessor and Lessee agree as follows:

1. Recitals & Defined Terms. Recitals A through C, inclusive, set forth above are incorporated into this Amendment in full by this reference. Capitalized terms shall have the meaning ascribed to them in the Lease unless otherwise defined herein.

2. Suite B Lease Termination Date. This Amendment is conditioned upon the concurrent execution of a termination agreement of the Suite B Lease ("**Effective Date**").

3. Premises.

a. Commencing on the Effective Date, the Premises subject to the Lease shall be expanded to include the entirety of the 1605 Adams Building located on the real property described in Exhibit "A-1" and as delineated in Exhibit "A-2" attached hereto and made a part hereof ("the **Expansion Premises**"), subject to Lessee's right to terminate the Lease as to certain portions of the Expansion Premises as provided in Section 4 of this Agreement.

b. From and after the Effective Date, within the Lease: "**Land**" shall include the real property described in Exhibit "A"; "Improvements" shall include the existing buildings on such real property; "**Property**" shall include the Land and Improvements as modified by this subparagraph (b); and, except provided in this Amendment and except as context of the Lease otherwise requires, "**Building**" shall also refer to the 1605 Adams Building.

c. Lessee shall have the same rights with respect to the roof of the 1605 Adams Building that Lessee has to the roof of the Premises under Section 1(c) of the Lease. Lessor shall not permit third parties rights to use or install Antenna Equipment (as defined in Section 1(c) of the Lease) on the roof of the 1605 Adams. Building.

4. Term.

a. Lessor and Lessee agree that the Phase 1 Commencement Date under the Lease was September 30, 2016 and the Phase 2 Commencement Date under the Lease was February 21, 2017 and, accordingly, that the Expiration Date of the Lease is September 30, 2016 (the "**Expiration Date**").

b. Lessor shall deliver the Expansion Premises in the condition required by the Work Letter attached hereto as Exhibit "B" and made a part hereof ("**Work Letter**") to Lessee in the following phases:

| Expansion Space Phase | Square Footage | Scheduled Delivery Date | Rent Commencement Date | Termination Date |
|---|---|---|---|---|
| 1 | 4,500 | Effective Date | 10/1/17 | N/A |
| 2 | 23,500 | 8/1/2017 | 3/1/2018 | 8/1/2018 |
| 3 | 18,000 | 12/1/2017 | 5/1/2018 | 12/31/2018 |

c. If Lessor delivers an Expansion Space Phase to Lessee in the condition required by the Work Letter (each a "**Delivery Date**") later than its Scheduled Delivery Date due to a Lessor Delay (as defined in the Lease), then the Rent Commencement Date as to such Expansion Space Phase shall be delayed by the same number of days that the Delivery Date was delayed. Lessor and Lessee shall execute a Rent Commencement Memorandum, substantially in the form attached to the lease, promptly following the Delivery Date of each Expansion Space Phase.

d. If Lessor has not delivered an Expansion Space Phase to Lessee in the condition required by the Work Letter by its Termination Date due to a Lessor Delay, Lessee may terminate the Lease as to such undelivered Expansion Space Phase by written notice to Lessor delivered within ten (10) days after such Expansion Space Phase's Termination Date. In the event that Lessee exercises a right of termination under this Section, Lessee and Lessor will execute an amendment to the Lease reflecting the resulting reduction in the Premises, resulting reduction in Lessee's Pro Rata Share and such other commercially reasonable amendments in Lessor's reasonable discretion that are necessary to reflect the resulting multi-tenant nature of the 1605 Adams Building.

5. Rent.

a. Lessee shall pay to Lessor in monthly installments in advance Additional Rent, and Monthly Base Rent at the rate per rentable square foot set forth in the Monthly Base Rent table set forth in Section 4(b) below, beginning on the Rent Commencement Date for each Expansion Space Phase. Notwithstanding the foregoing, if at Lessee's written request, Lessor delivers all or any portion of an Expansion Space Phase to Lessee prior to its Schedule Delivery Date ("**Early Delivery Space**"), then the Rent Commencement Date as to such Early Delivery Space shall be advanced by the number of days between the Delivery Date of such Early Delivery Space and its applicable Scheduled Delivery Date. Lessor may in Lessor's sole discretion, but shall not be obligated to, deliver to Lessee any Expansion Phase Space prior to its Scheduled Delivery Date upon Lessee's written request thereafter.

b. Monthly Base Rent on any portion of the Expansion Premises shall be payable at the following rate per rentable square foot as of the durations indicated in the Monthly Base Rent table below:

| Duration | S/SF/Mo./NNN |
|---|---|
| 2/21/2017 - 9/28/2018 | 4.25 |
| 9/29/2018 - 9/28/2019 | 4.38 |
| 9/29/2019 - 9/28/2020 | 4.51 |
| 9/29/2020 - 9/28/2021 | 4.64 |
| 9/29/2021 - 9/28/2022 | 4.78 |
| 9/29/2022 - 9/28/2023 | 4.93 |
| 9/29/2023 - 9/28/2024 | 5.07 |
| 9/29/2024 - 9/28/2025 | 5.23 |
| 9/29/2025 - 9/30/2026 | 5.38 |

6. Operation Expenses.

a. Lessee's Pro Rata Share of Operation Expenses relating to the 1605 Adams Building shall mean 100%. The Expansion Premises have been measured in accordance with the BOMA standard: single tenant industrial - to the drip line. Lessor and Lessee agree that the approximate 7,500 rentable square foot second floor space to be constructed by Lessor pursuant to the Work Letter ("**2nd Floor**") but shall be subject to re-measurement by Lessor upon Substantial Completion of Lessor's Work in accordance with such BOMA standard. If the rentable square feet of the 2nd floor upon such re-measurement is more or less than 7,500 rentable square feet, Lessor and Lessee shall amend the Lease to reflect the rentable square feet of the Expansion Premises and the resulting change to Lessee's pro rata share of Park Expenses.

b. As of the Effective Date of this Amendment, Lessee's pro rata share of Park Expenses (taking into account both the original Premises and the Expansion Premises) is amended to be 5.95%.

c. Lessee shall pay to Lessor upon execution and delivery of this Lease, the amount of Sixty-Four Thousand Seven Hundred Dollars ($64,704.00), which amount shall be applied to the Additional Rent attributable or relating to the Expansion Premises beginning on the Expansion Space Phase 1 Commencement Date.

7. Security Deposit. The cash portion of the Security Deposit shall be increased by Two Hundred Thirty-Three Thousand Seven Hundred Fifty Dollars ($233,750.00). Upon execution of this Amendment, Lessee shall deliver to Lessor the sum of Two Hundred Thirty-Three Thousand Seven Hundred Fifty Dollars ($233,750.00) in immediately available funds. The increased Security Deposit shall apply to the Premises, and Lessee's performance under the Lease, as amended by this Amendment.

8. Condition of Expansion Premises; Lessor's Work; Tenant Improvements.

a. Except as provided in the Section and in the Work Letter, the Expansion Premises shall be delivered to Lessee in its AS-IS condition. As of the Rent Commencement Date as to each Expansion Space Phase delivered to Lessee, Lessor warrants that the roof membrane and the plumbing, electrical and HVAC systems within or serving such Expansion Space Phase are in good operating condition. If Lessee gives written notice to Lessor of violations of such warranty within sixty (60) days after the Rent Commencement Date as to such Expansion Space Phase, Lessor will correct such violations at Lessor's cost; provided that normal maintenance and repair of ordinary wear and tear during such period shall be reimbursed as an Operating Expense.

b. Subject to the terms of the Work Letter, Lessor shall: (i) cause to be constructed the alterations to the Expansion Premises described in the Work Letter as "**Lessor's Work**"; (ii) cause to be constructed the tenant improvements and modifications to the Expansion Premises described in the Work Letter as the "**Tenant Improvements**"; and (ii) provided the tenant improvement allowance described in the Work Letter ("**Tenant Improvement Allowance**").

c. Notwithstanding anything to the contrary in the Lease, Lessee shall not be required to remove or restore the gym or standard office or standard laboratory improvements constructed by or on behalf of Lessee within the Expansion Premises that are approved by Lessor in accordance with the terms of the Lease. "**Standard office"** for purposes of this subparagraph shall include exposed ceilings and concrete floors. "**Standard laboratory**" for purposes of this subparagraph shall include finishes and layout similar to the labs constructed by Lessor as the initial tenant improvements within 1525 O'Brien Drive, which existing layout for 1525 O'Brien Drive is depicted in Exhibit "C" attached hereto; provided, however, that the layout depicted on Exhibit "C" is only a representation of the lab layout for the Expansion Premises and the actual layout may include a more open plan.

9. Utilities and Services. In accordance with Section 14 (c) of the Lease, Lessee, at its cost, will provide janitorial services for the interior of the Expansion Premises. In accordance with Section 15(a) of the Lease, Lessee shall contract and pay directly for gas, electrical and telephone service to the Expansion Premises (and not as part of Operating Expenses).

10. Extension Option. The Extension Option set forth in Section 2(e) of the Lease shall, at Lessee's sole discretion, apply to either or both of the Original Premises (1525 O'Brien Drive) and the Expansion Premises (1605 Adams Drive) so that the 50% occupancy requirement shall apply to each of the Original Premises and Expansion Premises.

11. Right to First Offer. The "**ROFO Space**" that is subject to Section 1(a) of the Lease shall also include 1555 Adams Drive (but shall not include 1455 Adams Drive); provided that such right as to 1555 Adams Drive is subject to the following pre-existing superior rights as of the Effective Date: existing tenant Intersect ENT has an option to extend its lease on its entire premises. For purposes of illustration and not to create any additional or greater rights than those created in this Section and in Section 1(a) of the Lease, Exhibit "C" attached hereto and made a part hereof depicts the ROFO Space and 1555 Adams Drive. As a point of clarification, 1555 Adams Drive is also subject to Lessor's election to redevelop the building. If Lessor elects to redevelop another building at 1555 Adams, Lessee shall have such ROFO right on the redeveloped building.

12. CASp. For purposes of Section 1938 of the California Civil Code, Lessor hereby discloses to Lessee, and Lessee hereby acknowledges, that (check one):

☐ To Lessor's actual knowledge, the Premises have undergone inspection by a Certified Access Specialist (CASp).

If the Premises have undergone inspection by a CASp prior to the execution of this Lease and, to the best of Lessor's knowledge, there have been no modifications or alterations completed or commenced between the date of the inspection and the date of this Lease which have impacted the Premises' compliance with construction-related accessibility standards, Section 1938 requires Lessor to provide to Lessee, prior to execution of this Lease, a copy of any report prepared by the CASp. If, prior to the date of this Lease, the Premises were issued an inspection report by a CASp indicating that it meets applicable standards, as defined in paragraph (4) of subdivision (a) of California Civil Code Section 55.52, Lessor is required to provide a copy of the current disability access inspection certificate and any inspection report to Lessee that was not already provided pursuant to the foregoing sentence, within seven (7) days of the date of the execution of this Lease.

☒ To Lessor's actual knowledge , the Premises have not undergone inspection by a CASp.

☐ To Lessor's actual knowledge, the Premises have undergone inspection by a CASp but, to the best of Lessor's knowledge, there have been intervening modifications or alterations completed or commenced which have impacted the Premises compliance with construction related accessibility standards.

California Civil Code Section 1938 states:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises,

the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if required by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standard within the premises."

Notwithstanding anything to the contrary in this Lease, Lessor and Lessee hereby agree that, during the term of this Lease, as the same may be extended, Lessee shall be responsible for (i) the payment of the fee for any CASp inspection that Lessee desires, and (ii) making, at Lessee's cost, any repairs necessary to correct violations of construction-related accessibility standards within the Premises provided that such repairs shall be in accordance with the terms of the Lease. Lessee hereby agrees that: any CASp inspecting the Premises shall be selected by Lessor; Lessee shall promptly deliver to Lessor any CASp report regarding the Premises obtained by Lessee: and Lessee shall keep information contained in any CASp report regarding the Premises confidential, except as may be necessary for Lessee or its agents to complete any repairs or correct violations with respect to the Premises that Lessee agrees to undertake. Lessee shall have no right to cancel or terminate the Lease due to violations of construction-related accessibility standards within the Premises identified in a CASp report obtained during the Term of the Lease.

13. Signage. Notwithstanding anything in the Lease to the contrary, Lessee shall have a right to monument signage in front of the 1605 Adams Building and signage on the building façade at the side of each entrance thereof, buy no other building façade signage or any other building exterior signage on the 1605 Adams Building. Lessee shall be entitled to signage within Expansion Premises and door signage. All of Lessee's signage shall comply with the City of Menlo Park sign ordinances and regulations and shall be subject to Lessor's Project signage standards as reasonably determined by Lessor. Lessee shall pay all costs associated with fabrication, installation, maintenance and eventual removal of Lessee's signage.

14. Parking. At no additional cost, Lessee shall have nonexclusive use of the unreserved on-site vehicular parking spaces located at the 1605 Adams Building; provided that if the City of Menlo Park requires that the number of striped parking spaces located at the 1605 Adams Building to be reduced to conform to maximum parking allowances adopted by the City of Menlo, and so long as such requirement was not triggered by Lessor, Lessor shall be entitled to reduce the number of striped parking spaces at the 1605 Adams Building to comply with such ordinance. Parking at the Expansion Premises shall be subject to such commercially reasonable rules and regulations for such parking facilities which may be reasonably established or altered by Lessor at any time from time to time during the Lease Term.

15. Use. Lessee's use of the Expansion Premises may also include a fitness/workout area.

16. Brokers. Lessee's broker is Cornish & Carey Commercial dba Newmark Cornish & Carey represented by Ben Stern, Wayne Kumagai and Jay Phillips (collectively, "**Lessee's Broker**") and Lessor's broker is Cornish & Carey Commercial dba Newmark Cornish & Carey represented by Mary Hines and Kidder Matthews represented by Gregg Domanico (collectively,

"**Lessor's Broker**" and collectively with Lessee's Broker, the "**Broker**"). Lessor shall pay a leasing commission to the Brokers pursuant to a separate agreement. Each party represents and warrants to the other party that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease other than Lessee's Broker and Lessor's Broker and each party shall hold harmless the other party from all damages, expenses, and liabilities resulting from any claims that may be asserted against the other party by any broker, finder or other person with whom the other party has or purportedly has dealt, other than the above named brokers.

17. Counterparts; Electronic Signatures. This Amendment may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electric sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered had been signed using a handwritten signature. Lessor and Lessee (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will reply on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting under the Electronic Signatures in Global and National Commerce Act ("**E-SIGN**") and Uniform Electronic Transactions Act ("**UETA**"), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

Acknowledged & Accepted:

/s/ JH

Lessee

18. Miscellaneous. This Amendment, together with the Lease, constitutes the entire agreement between Lessor and Lessee regarding the Lease and the subject matter contained therein and herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. Except as specifically amended hereby, the Lease and all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed. To the extend the provisions of this Amendment conflict with or are inconsistent with the terms of the Lease, the terms of this Amendment shall prevail. This Amendment shall be interpreted neutrally between the parties regardless of which party drafted or caused to be drafted this Amendment.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the date and year first above written.

**LESSEE:**

GRAIL, INC.,
a Delaware Corporation

By: /s/ Jeffrey T. Huber
Name: JEFFREY T. HUBER
Its: CEO

By:
Name:
Its:

**LESSOR:**

MENLO PREHC I, LLC,
a Delaware limited liability company

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
a Delaware limited liability company, its authorized signatory

By: /s/ Jeff Uittenbogaard
Name: Jeff Uittenbogaard
Its: Investment Director

/s/ Troy Koerselman
Troy Koerselman
Asst Managing Director

MENLO PREPI I, LLC,
a Delaware limited liability company

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
a Delaware limited liability company, its authorized signatory

By: /s/ Jeff Uittenbogaard
Name: Jeff Uittenbogaard
Its: Investment Director

/s/ Troy Koerselman
Troy Koerselman
Asst Managing Director

TPI INVESTORS 9, LLC
a California limited liability company

By: Tarlton Properties, Inc.
Manager

By: /s/ John C. Tarlton
Name: John C. Tarlton
Its: CEO

**EXHIBIT A-1**

1605 Adams Drive, Menlo Park

Building 18 Property - Legal Description

The land referred to in this Report is situated in the State of California, County of San Mateo, City of Menlo Park and is described as follows:

PARCEL J:

Parcel 1 as shown on that certain map entitled "MENLO BUSINESS PARK PARCEL MAP, FOR MERGER OF PARCELS B AND C AS SHOWN ON MAP FILED AUGUST 19, 1986 IN VOLUME 57 OF PARCEL MAPS AT PAGES 86-87 AND LOTS 17 AND 18 OF THE TRACT OF MENLO BUSINESS PARK FILED APRIL 9, 1984 IN VOLUME 111 OF MAPS AT PAGES 50-52, SAN MATEO COUNTY RECORDS, MENLO PARK SAN MATEO COUNTY, CALIFORNIA", filed February 28, 1989 in Book 61 of Parcel Maps at pages 94 and 95, Records of San Mateo County, State of California.

A.P. NO.: 055-474-140 JPM 11 050 000 17T
111 050 000 18 T

**EXHIBIT A-2**

Expansion Premises

# LEASE AGREEMENT

THIS LEASE AGREEMENT is executed this 4th day of June, 2020, (the "***Lease Date***"), by and between **PP OFFICE OWNER 1, L.P.**, a Delaware limited partnership ("***Landlord***"), and **GRAIL, INC.**, a Delaware corporation ("***Tenant***").

## ARTICLE 1 - LEASE OF LEASED PREMISES

Section 1.01. Basic Lease Provisions and Definitions.

(a) Leased Premises (shown outlined on **Exhibit A** attached hereto): The building commonly known as the "Assembly Building" (the "***Building***"), located at 4001 E. NC Hwy. 54, Durham, North Carolina, within the Park Point office and research park (the "***Park***"), which is itself located within the Research Triangle Park (the "***RTP***").

(b) Rentable Area: Subject to Section 1.03, approximately 200,340 rentable square feet, consisting of the portion of the Leased Premises shown highlighted on **Exhibit A** attached hereto (the "***Initial Leased Premises***") and the portion of the Leased Premises shown highlighted on **Exhibit A** attached hereto (the "***Deferred Leased Premises***"), collectively being all of the rentable square feet within the Building. The Rentable Area of the Leased Premises includes the square footage within the Leased Premises plus a thirteen and 2/10ths percent (13.2%) load factor, subject to Section 1.03(b).

(c) Tenant's Proportionate Share: 66% prior to Tenant commencing use of the Deferred Leased Premises, and 100% following earlier to occur of (i) Tenant commencing use of the Deferred Leased Premises (or any portion thereof) or (ii) the first day of the thirty-seventh (37th) month of the Lease Term (such earlier date the "***Deferred Leased Premises Trigger Date***").

(d) Building's Share: 30.73% as of the Lease Date, determined, from time to time, by dividing the Rentable Area of the Building by the rentable share footage of all tenant space within the Park (being approximately 652,000 rentable square feet as of the Lease Date), subject to Section 1.03(b).

(e) Minimum Annual Rent and Monthly Rental Installments:

| Time Period (months) | | Minimum Annual Rent / SF (Initial Leased Premises) | Minimum Monthly Rental Installments (Initial Leased Premises) | Minimum Annual Rent / SF (Deferred Leased Premises) | Minimum Monthly Rental Installments (Deferred Leased Premises) | Total Monthly Rental Installments | Total Period Rental Installments |
|---|---|---|---|---|---|---|---|
| 1 | 3* | $ 0.00 | $ 0.00# | $ 0.00 | $ 0.00 | $ 0.00 | $ 0.00 |
| 4 | 12 | $ 31.00 | $ 310,527.00# | $ 0.00 | $ 0.00 | $ 310,527.00 | $ 2,794,743.00 |
| 13 | 24 | $ 31.85 | $ 319,066.49# | $ 0.00 | $ 0.00 | $ 319,066.49 | $ 3,828,797.91 |
| 25 | 36 | $ 32.73 | $ 327,840.82# | $ 0.00 | $ 0.00 | $ 327,840.82 | $ 3,934,089.85 |
| 37 | 48 | $ 33.63 | $ 336,856.44 | $ 33.63 | $ 224,570.96 | $ 561,427.41 | $ 6,737,128.87 |
| 49 | 60 | $ 34.55 | $ 346,120.00 | $ 34.55 | $ 230,746.66 | $ 576,866.66 | $ 6,922,399.92 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 61 | 72 | $ 35.50 | $ 355,638.30 | $ 35.50 | $ 237,092.20 | $ 592,730.49 | $ 7,112,765.91 |
| 73 | 84 | $ 36.48 | $ 365,418.35 | $ 36.48 | $ 243,612.23 | $ 609,030.58 | $ 7,308,366.98 |
| 85 | 96 | $ 37.48 | $ 375,467.35 | $ 37.48 | $ 250,311.57 | $ 625,778.92 | $ 7,509,347.07 |
| 97 | 108 | $ 38.51 | $ 385,792.71 | $ 38.51 | $ 257,195.14 | $ 642,987.84 | $ 7,715,854.11 |
| 109 | 120 | $ 39.57 | $ 396,402.01 | $ 39.57 | $ 264,268.00 | $ 660,670.01 | $ 7,928,040.10 |
| 121 | 132 | $ 40.66 | $ 407,303.06 | $ 40.66 | $ 271,535.37 | $ 678,838.43 | $ 8,146,061.20 |
| 133 | 144 | $ 41.78 | $ 418,503.89 | $ 41.78 | $ 279,002.60 | $ 697,506.49 | $ 8,370,077.89 |
| 145 | 150 | $ 42.93 | $ 430,012.75^ | $ 42.93 | $ 286,675.17^ | $ 716,687.92^ | $ 4,300,127.51^ |

* "Months" refer to monthly periods following the Commencement Date, and Minimum Annual Rent for the Initial Leased Premises during the first thirty-six (36) months of the Lease Term will be calculated based on sixty percent (60%) of the Rentable Area of the entire Leased Premises, regardless of the actual Rentable Area of the Initial Leased Premises.

\# Subject to the provisions in Section 2.02 below regarding Landlord's Work and Additional Improvements.

^ The amount shown reflects six (6) months. If the Commencement Date is not the first day of a calendar month and the final Month of the Lease Term is automatically extended to include the remaining partial calendar month following the date on which the Lease Term would otherwise expire (pursuant to Section 1.01(h) below), Tenant shall pay Minimum Annual Rent relative to such partial calendar month (at the same rate and on a prorated basis) in addition to the amount shown.

(f) Intentionally omitted.

(g) Delivery Date: The date that Landlord delivers the Leased Premises to Tenant with a sufficient portion of the Shell Improvements completed to allow Tenant to commence installation and construction of the Tenant Improvements (as defined in **Exhibit B**).

(h) Target Delivery Date: The date that is the later to occur of (i) September 5, 2020, or (ii) the date that Tenant delivers evidence to Landlord that all Tenant Improvements Commencement Conditions (as defined in **Exhibit B**) have been satisfied by Tenant (as same may be extended for delays resulting from Force Majeure Matters).

(i) Outside Delivery Date: The date that is five (5) months following the Target Delivery Date (as same may be extended for delays resulting from Force Majeure Matters).

(j) Shell Completion Date: The date that Landlord Substantially Completes the Shell Improvements.

(k) Target Shell Completion Date: The date that is the later to occur of (i) January 21, 2021, or (ii) the date that Tenant delivers evidence to Landlord that all Tenant Improvements have been Substantially Completed (as same may be extended for delays resulting from Force Majeure Matters).

(l) Outside Shell Completion Date: The date that is five (5) months following the Target Shell Completion Date (as same may be extended for delays resulting from Force Majeure Matters).

(m) Commencement Date: The earlier of (i) the date that is five (5) business days following Tenant's receipt of a certificate of occupancy for the Leased Premises following completion of the Tenant Improvements and Tenant's installation of all of Tenant's furniture, fixtures and equipment; (ii) the date that is the later to occur of (A) one hundred eighty (180) days following the Delivery Date or (B) ninety (90) days following Substantial Completion (as defined in **Exhibit B**) of the Shell Improvements; or (iii) the date on which Tenant occupies and begins conducting business in any portion of the Leased Premises.

(n) Lease Term: The period beginning on the Commencement Date and ending upon the expiration or earlier termination of the term of this Lease. The initial Lease Term shall be one hundred fifty (150) months, beginning on the Commencement Date. Provided, however, if the Commencement Date is any day other than the first day of a calendar month, the Lease Term shall be extended automatically until midnight on the last day of the calendar month in which the Lease Term otherwise would expire.

(o) Letter of Credit Amount: $3,349,000.00 (as same may be adjusted pursuant to the terms of Article 4 herein).

(p) Broker(s): Cushman & Wakefield and TP Triangle, LLC, representing Landlord and Newmark Knight Frank, representing Tenant.

(q) Permitted Use: General administrative, office and laboratory research and development use, and all other uses permitted under Applicable Laws (as defined in Section 5.02(a)), subject to compliance with Applicable Laws and the RTP Covenants.

(r) Address for notices and payments are as follows:

**LANDLORD NOTICES TO:**

Landlord: PP Office Owner 1, L.P.
c/o Starwood Capital Group
1255 23rd Street NW, Suite 675
Washington, DC 20037
Attention: Andres Panza
Email: apanza@starwood.com

With a copy to: TP Triangle, LLC
3020 Carrington Mill Boulevard, Suite 425
Morrisville, North Carolina 27560
Email: amayer@trinity-partners.com

With a copy to: Vanderbilt Office Properties, LLC
625 W. Adams, Suite 1715
Chicago, Illinois 60601
Email: mrhea@vanderbiltop.com

**WITH PAYMENTS TO LANDLORD TO:**

**If by USPS:**
PP Office Owner 1 LP
c/o VPTC Management Partners, LLC
625 W Adams Suite 1715
Chicago, IL 60661

**If by Overnight Delivery:**
PP Office Owner 1 LP
c/o VPTC Management Partners, LLC
625 W Adams Suite 1715
Chicago, IL 60661

**If by ACH or Wire:**
PP Office Owner 1, L.P.
c/o Wells Fargo Bank
Account: 4811029297
Routing: 121000248

**TENANT NOTICES TO:**

Tenant: Grail, Inc.
1525 O'Brien Drive
Menlo Park, CA 94025
Attention: Michael Myers, FP&A Director
Email: mmyers@grail.com

With a copy to: Grail, Inc.
1525 O'Brien Drive
Menlo Park, CA 94025
Attention: Thomas Nollie, Facilities Director
Email: tnollie@grail.com

With a copy to: Baker Botts L.L.P.
101 California Street, Suite 3600
San Francisco, CA 94111
Attention: Jeff Wutzke
Email: jeff.wutzke@bakerbotts.com

(s) Allowance: $30,051,000.00 (i.e., $150.00 per square foot of Rentable Area in the Leased Premises).

(t) Test Fit Allowance: $40,068.00 (*i.e.*, $0.20 per square foot of Rentable Area in the Leased Premises), which amount is in addition to the Allowance and subject to the limitations of **Exhibit B**.

(u) Soft Cost Allowance: $5,007,500.00 (i.e., $25.00 per square foot of Rentable Area in the Leased Premises), which amount is part of (and not in addition to) the Allowance and subject to the limitations of **Exhibit B**.

(v) Additional Allowance: $4,006,800.00 (i.e., $20.00 per square foot of Rentable Area in the Leased Premises), which amount is in addition to the Allowance and subject to the limitations of **Exhibit B**.

(w) Training Space Allowance: $40,000.00, which amount is in addition to the Allowance and subject to the provisions of Section 16.24.

(x) HVAC Allowance: $1,183,900.00, which amount is in addition to the Allowance and subject to **Exhibit B**.

EXHIBITS

Exhibit A - Leased Premises
Exhibit B - Improvements
Exhibit B-1 - Shell Improvements Specifications
Exhibit B-2 - Proposed Shell Change Orders Exhibit C - Letter of Understanding
Exhibit D - Site Plan for Park
Exhibit E - Rules and Regulations
Exhibit F - SNDA Form
Exhibit G - Expansion Area
Exhibit H - Outside Supporting Equipment Areas
Exhibit I - Tenant's Signage
Exhibit J - Additional Improvements and Amenities
Exhibit K - Projected Operating Expenses
Exhibit L - Memorandum of Lease

Section 1.02. Lease of Leased Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises for the Lease Term, under the terms and conditions herein, together with a non-exclusive right, in common with others, to use the following (collectively, the "***Common Areas***"): the areas of the Park and the underlying land and improvements thereto owned by Landlord, from time to time, that are designed for use in common by all tenants of the Park and their respective employees, agents, customers, invitees and others, which as of the Commencement Date will include the Fitness Center, the Café, approximately two (2) acres of recreational fields, two (2) tennis courts, approximately one and one-half (1.5) miles of walking trails within the Park (which walking trails currently connect to a larger network trails within RTP), and certain parking fields and entrance and access drives. Following Substantial Completion of the Additional Improvements, Landlord reserves the right to convey ownership of (which may be by deed or by easement) and/or delegate operating responsibility for all or any portion of the Common Areas to a property owners' association (a "***POA***") established to maintain and oversee the operation and use of certain portions of the Park

in a "Class A" manner (including neat, clean, orderly and operable conditions, properly lighted and landscaped (where applicable), in accordance with Applicable Law and free from Hazardous Substances in violation of Applicable Law), in which case Landlord shall be released from any ongoing obligations relative to such Common Areas and such obligations shall be assumed by such POA and documented in a written set of recorded covenants specific to the Park reasonably acceptable to Tenant, and to which Tenant is an explicit third-party beneficiary; provided that the POA shall be liable for and obligated to perform all of Landlord's obligations under this Lease relative to any such Common Areas so conveyed or delegated, (ii) Landlord agrees to use commercially reasonable efforts to enforce the POA's obligations relative to such Common Areas and shall share with Tenant copies of all material correspondence with the POA that relate to the subject matter of this Lease, (iii) no such conveyance or delegation by Landlord shall materially or adversely affect Tenant's use of such portions of the Common Areas consistent with the terms of this Lease, and (iv) the costs allocated to Tenant pursuant to Sections 3.02 and shall not be higher than if Landlord were maintaining and operating such areas itself.

Subject to Section 15.06, Tenant hereby acknowledges that the Park (or certain portions thereof, which may include the Building) either has been or may be (provided Landlord is successful in such efforts to achieve such classification) classified as a "Brownfields Property," as such term is defined under the North Carolina Brownfields Property Reuse Act, N.C. Gen. Stat. §§ 130A-310.20 et seq. (the "***Brownfields Act***").

Section 1.03. Remeasurement.

(a) Remeasurement Upon Substantial Completion. Within thirty (30) days of Substantial Completion of the Tenant Improvements, Landlord, at Landlord's expense, will cause a third-party architect to measure the rentable square footage, usable square footage, and resulting Rentable Area of the Leased Premises (with the usable square footage to be measured in accordance with the then-current BOMA standards, and the Rentable Area being calculated by applying a load factor of thirteen and 2/10ths percent (13.2%) to the usable square footage) and submit the findings to Tenant. The parties shall use good faith efforts to agree upon the usable square footage of the Leased Premises within ten (10) business days following the submission of such findings to Tenant. In the event that the parties cannot agree upon the usable square footage within the ten (10) business day period referenced in the preceding sentence, either party shall be entitled to submit the matter to an unaffiliated third party architect reasonably selected by such submitting party (which architect and his or her current or former firm shall not have done business with Landlord or Tenant or their respective principals in the prior three (3) years, unless approved, in writing by the non-submitting party) (the "***Arbitration Architect***"), with the decision of the Arbitration Architect being binding on the parties. Promptly following the parties' mutual agreement or the determination by the Arbitration Architect, as applicable, the parties shall enter into an amendment to this Lease confirming any revisions to the Rentable Area of the Leased Premises and all calculations in this Lease that are dependent thereon (*e.g.*, Minimum Annual Rent, Allowance, etc.).

(b) Remeasurement Upon Additional Construction. Landlord shall adjust the Building's Share percentage and provide written notice to Tenant thereof promptly after substantial completion (as evidenced by the issuance of a temporary or permanent certificate of occupancy after completion of a tenant's improvements) of any new building(s) constructed or expanded within the Park.

## ARTICLE 2 - TERM; DELIVERY AND CONSTRUCTION

Section 2.01. Term. The Commencement Date and Lease Term shall be as set forth in Sections 1.01(m) and 1.01(n) above.

Section 2.02. Construction of Landlord's Work. Landlord shall construct and install the Shell Improvements to the Building and will construct and install the Additional Improvements within the Park (collectively referred to as the "***Landlord's Work***") in accordance with **Exhibit B** attached hereto and made a part hereof.

(a) Delivery Date.

(i) Subject to delays resulting from Force Majeure Matters (as defined in Section 16.03) and/or Tenant Delays (as defined in **Exhibit B**), Landlord shall deliver the Leased Premises to Tenant with the Shell Improvements completed to a point that Tenant is able to enter the Leased Premises to commence installation and construction of the Tenant Improvements on or before the Target Delivery Date. If Landlord for any reason whatsoever cannot cause the Delivery Date to occur by the Target Delivery Date, this Lease shall not be void or voidable nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom; but in that event, Landlord shall act diligently and in good faith to complete the work that is necessary to allow Landlord to cause the Delivery Date to occur. In such event, the following terms shall apply:

(1) In the event the Delivery Date does not occur by the date that is two (2) months following the Target Delivery Date, Tenant shall receive a credit against the Monthly Rental Installments due hereunder equal to one (1) day of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for each day that elapses between the end of such two (2) month period and the Delivery Date (the "***Delivery Date Credit***"), which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(2) In the event the Delivery Date does not occur by the date that is three (3) months following the Target Delivery Date, the Delivery Date Credit shall increase to two (2) days of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for each day that elapses between the end of such three (3) month period and the Delivery Date, which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(3) In the event the Delivery Date does not occur by the date that is four (4) months following the Target Delivery Date, the Delivery Date Credit shall be increased to three (3) days of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for each day that elapses between the end of such four (4) month period and the Delivery Date, which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(4) Notwithstanding the foregoing, in the event the Delivery Date does not occur by the Outside Delivery Date, then thereafter until the earlier to occur of (i) the occurrence of the Delivery Date or (ii) thirty (30) days after the Outside Delivery Date, Tenant shall have the right to terminate this Lease by delivering written notice to Landlord. For purposes of clarification, Tenant's failure to terminate this Lease pursuant to this subsection shall not cut off the accrual of the Delivery Date Credit, if applicable.

Notwithstanding anything to the contrary contained in the Lease, if the Delivery Date is delayed as a result of Tenant Delay, then, for purposes of determining the Commencement Date, the Delivery Date shall be deemed to have occurred on the date that the Delivery Date would have occurred but for such Tenant Delay.

(b) Completion of Shell Improvements.

(i) Subject to delays resulting from Force Majeure Matters or Tenant Delays, Landlord shall Substantially Complete the Shell Improvements on or before the Target Shell Completion Date. If Landlord for any reason whatsoever cause the Shell Improvements to be Substantially Completed by the Target Shell Completion Date, this Lease shall not be void or voidable nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom; but in that event, Landlord shall act diligently and in good faith to complete the work that is necessary to allow Landlord to cause the Shell Improvement to be Substantially Completed. In such event, the following terms shall apply:

(1) In the event Substantial Completion of the Shell Improvements does not occur by the date that is one (1) month following the Target Shell Completion Date, Tenant shall receive a credit against the Monthly Rental Installments due hereunder equal to one (1) day of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for each day that elapses between the end of such one (1) month period and the date Substantial Completion of the Shell Improvements occurs (the "***Shell Completion Credit***"), which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(2) In the event Substantial Completion of the Shell Improvements does not occur by the date that is three (3) months following the Target Shell Completion Date, the Shell Completion Credit shall increase to two (2) days of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for each day that elapses between the end of such three (3) month period and the date Substantial Completion of the Shell Improvements occurs, which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(3) In the event Substantial Completion of the Shell Improvements does not occur by the date that is four (4) months following the Target Shell Completion Date, the Shell Completion Credit shall be increased to three (3) days

of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for each day that elapses between the end of such four (4) month period and the date Substantial Completion of the Shell Improvements occurs, which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(4) In the event Substantial Completion of the Shell Improvements does not occur by the Outside Shell Completion Date, then thereafter until the earlier to occur of (i) the occurrence of the Delivery Date or (ii) the date that is one (1) months following the Outside Shell Completion Date, Tenant shall have the right to terminate this Lease by delivering written notice to Landlord. For purposes of clarification, Tenant's failure to terminate this Lease pursuant to this subsection shall not cut off the accrual of the Shell Completion Credit, if applicable.

Notwithstanding anything to the contrary contained in the Lease, (1) the number of days of Minimum Annual Rent credits included in the Shell Completion Credit are in addition to (and not overlapping with) the number of days of Minimum Annual Rent credits included in the Delivery Delay Credit (for example, if there is ultimately a ten (10) day delay in the Delivery Date for which Tenant is entitled to rental credits, and there is ultimately a twelve (12) day delay in Substantial Completion of the Shell Improvements for which Tenant is entitled to rental credits, Tenant shall receive a total of twenty-two (22) days of rental credits), and (2) if Substantial Completion of the Shell Improvements is delayed as a result of Tenant Delay, then Substantial Completion of the Shell Improvements shall be deemed to have occurred on the date that Substantial Completion would have occurred but for such Tenant Delay.

(c) Construction of Additional Improvements.

(i) Subject to delays resulting from Force Majeure Matters and/or Tenant Delays, Landlord shall Substantially Complete the following additional improvements within the Park by the applicable completion dates set forth herein: (i) the refurbishment of the two buildings located immediately adjacent to the Building (the "***Grid Buildings***"), as identified on **Exhibit D** attached hereto, and construction of the Café (as defined in Section 16.23) in the location shown on **Exhibit D** attached hereto (collectively, the "***Phase II Improvements***") not later than April 30, 2021 (the "***Phase II Completion Date***"), (ii) the construction of the Fitness Center (as defined in Section 16.23) in the location identified on **Exhibit D** attached hereto and generally consistent with the depictions of same on **Exhibit J** attached hereto not later than June 30, 2021 (the "***Fitness Center Completion Date***"), and (iii) the refurbishment of the two buildings located next to the Grid Buildings (the "***Edge Buildings***"), as identified on **Exhibit D** attached hereto (the "***Phase III Improvements***") not later than September 1, 2021 (the "***Phase III Completion Date***"). If Landlord for any reason other than Force Majeure Matters and/or Tenant Delays is unable to Substantially Complete any of the aforementioned additional improvements (each, an "***Additional Improvement***") by the applicable completion date (each, a "***Completion Date***"), this Lease shall not be void or

voidable nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom; but in that event, Landlord shall act diligently and in good faith to complete the work that is necessary for Landlord to Substantially Complete such improvements. In such event, the following terms shall apply:

(1) In the event Substantial Completion of an Additional Improvement does not occur by the date that is sixty (60) days following the applicable Completion Date for such Additional Improvement, Tenant shall receive a credit against the Monthly Rental Installments due hereunder equal to one (1) day of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for every three (3) days that elapse between the end of such sixty (60) day period until Substantial Completion of the applicable Additional Improvement occurs (each, an "***Additional Improvement Credit***"), which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(2) In the event Substantial Completion of an Additional Improvement does not occur by the date that is one hundred twenty (120) days following the applicable Completion Date for such Additional Improvement, the Additional Improvement Credit shall increase to two (2) days of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for every three (3) days that elapse between the end of such one hundred twenty (120) day period and the date Substantial Completion of the applicable Additional Improvement occurs, which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(3) In the event Substantial Completion of an Additional Improvement does not occur by the date that is one hundred eighty (180) days following the Target Shell Completion Date, the Additional Improvement Credit shall be increased to three (3) days of Minimum Annual Rent and Additional Rent with respect to the Leased Premises for every three (3) days that elapse between the end of such one hundred eighty (180) day period and the date Substantial Completion of the applicable Additional Improvement occurs, which credit(s) shall be applied to the Monthly Rental Installment(s) first becoming payable hereunder.

(4) In the event Substantial Completion of any Additional Improvement does not occur by July 1, 2022, then thereafter until the earlier to occur of (i) the occurrence of Substantial Completion of all Additional Improvements or (ii) August 1, 2022, Tenant shall have the right to terminate this Lease by delivering written notice to Landlord. For purposes of clarification, Tenant's failure to terminate this Lease pursuant to this subsection shall not cut off the accrual of the Additional Improvement Credit, if applicable.

Section 2.03. Construction of Tenant Improvements. Following the Delivery Date, Tenant shall cause the construction and installation of all leasehold improvements to the Leased Premises (collectively, the "***Tenant Improvements***") in accordance with **Exhibit B** attached hereto and made a part hereof.

Section 2.04. Letter of Understanding. Promptly following the Commencement Date, Tenant shall execute Landlord's Letter of Understanding in substantially the form attached hereto as **Exhibit C** and made a part hereof, acknowledging, among other things, that Tenant has accepted the Leased Premises. If, within ten (10) business days of receipt of Landlord's Letter of Understanding, Tenant fails to (i) execute and deliver same to Landlord or (ii) notify Landlord in writing of any requested revisions, all of the terms set forth in Landlord's Letter of Understanding, including, without limitation, the dates provided therein, shall be deemed true and incorporated into this Lease. If Tenant takes possession of and occupies the Leased Premises, Tenant shall be deemed to have accepted the Leased Premises and that the condition of the Leased Premises and the Building was at the time satisfactory and in conformity with the provisions of the Lease in all respects.

Section 2.05. Surrender of the Leased Premises. Upon the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, immediately (a) surrender the Leased Premises to Landlord in broom-clean condition and in good order, condition and repair, subject to casualty and reasonable wear and tear, (b) remove from the Leased Premises or where located (i) Tenant's Property (as defined in Section 8.01 below), (ii) all data and communications equipment, wiring and cabling (including above ceiling, below raised floors and behind walls) and (iii) any alterations required to be removed pursuant to Section 7.03 below (expressly excluding the Tenant Improvements), and (c) repair any damage caused by any such removal and restore the Leased Premises to the condition existing upon the Commencement Date (or, if later, with respect to the Deferred Leased Premises the date of Tenant's occupancy of the Deferred Leased Premises), reasonable wear and tear excepted. All of Tenant's Property that is not removed within ten (10) business days following Landlord's written demand therefor shall be conclusively deemed to have been abandoned and Landlord shall be entitled to dispose of such property at Tenant's cost without incurring any liability to Tenant. This Section 2.05 shall survive the expiration or any earlier termination of this Lease.

Section 2.06. Holding Over. If Tenant retains possession of the Leased Premises after the expiration or earlier termination of this Lease, Tenant shall be a tenant at sufferance. Tenant's occupancy shall be subject to all the terms and provisions of this Lease, and Tenant shall (a) pay an amount (on a per month basis without reduction for partial months during the holdover) equal to one hundred fifty percent (150%) of the Monthly Rental Installment (as defined in Section 3.03(a)) due for the period immediately preceding the holdover and the monthly installment of Additional Rent (as defined in Section 3.03(a)) that would be due for the period; (b) if such holdover continues for thirty (30) days after the expiration or earlier termination of this Lease, be liable to Landlord for any payment or rent concession that Landlord is required to make (and does make) to any tenant obtained by Landlord for all or any part of the Leased Premises (a "***New Tenant***") in order to induce such New Tenant not to terminate its lease by reason of the holding-over by Tenant, provided that Landlord notified Tenant of a signed lease with New Tenant at least thirty (30) days prior to the end of the Lease Term; (c) if such holdover continues for ninety (90) days after the expiration or earlier termination of this Lease, be liable to Landlord for the loss of the benefit of the bargain if any New Tenant shall terminate its lease by reason of the holding-over by Tenant; and (d) indemnify Landlord against all claims for damages by any New Tenant. No holdover by Tenant or payment by Tenant after the

termination of this Lease shall be construed to extend the Lease Term or prevent Landlord from immediate recovery of possession of the Leased Premises by summary proceedings or otherwise, and this Section 2.06 shall in no way constitute consent by Landlord to any holding over by Tenant upon the expiration or earlier termination of this Lease, nor limit Landlord's remedies in such event.

## ARTICLE 3 - RENT

Section 3.01. Base Rent. Tenant shall pay to Landlord the Minimum Annual Rent in the Monthly Rental Installments in advance, without demand, deduction or offset, on the Commencement Date and on or before the first day of each and every calendar month thereafter during the Lease Term. The Monthly Rental Installments for partial calendar months shall be prorated.

Section 3.02. Annual Operating Expense Adjustment Definitions.

(a) "***Annual Operating Expense Adjustment***" shall mean the amount of Tenant's Proportionate Share of Operating Expenses for a particular calendar year.

(b) "***Operating Expenses***" shall mean (i) the Building's Share of all Park Expenses (as defined below), including, and, without duplication, (ii) all of Landlord's costs and expenses paid or incurred in operating, repairing, replacing and maintaining the Building in good condition and repair for a particular calendar year. For purposes of the forgoing, "***Park Expenses***" means the costs and expenses paid or incurred by Landlord (or, if such portions of the Park are conveyed to or operated by a POA, such POA) in operating, repairing, replacing and maintaining the Common Areas in good condition and repair for a particular calendar year. In the event that the Park (relative to Park Expenses) is less than ninety-five percent (95%) occupied, or at any time that the Building is less than ninety-five percent (95%) occupied (*e.g.*, prior to the Deferred Leased Premises Trigger Date), Operating Expenses shall be grossed up to include all additional costs and expenses that Landlord (or a POA) reasonably determines it would have paid or incurred during such year if the Park or the Building, as applicable, had been ninety-five percent (95%) occupied. Operating Expenses shall include, by way of illustration and not limitation (but subject to the following paragraph), the following: all Real Estate Taxes (as hereinafter defined), insurance premiums and deductibles; water, sewer, electrical and other utility charges other than the separately billed electrical and other charges paid by Tenant as provided in this Lease (or other tenants in the Park); service and other charges incurred in the repair, replacement, operation and maintenance of the heating, ventilation and air-conditioning systems serving the Common Areas; costs associated with providing fitness, conference or food service facilities, if any; cleaning and other janitorial services for the Common Areas; tools; repair costs; landscape maintenance costs; security patrols; license, permit and inspection fees; management fees; supplies used at the Building or with respect to the Common Areas; costs, wages and related employee benefits payable for the management, maintenance and operation of the Building and the Park; maintenance, repair and replacement of the driveways, parking and sidewalk areas (including snow and ice removal, but not including any initial development expenses), landscaped areas, and lighting; costs paid or incurred by Landlord in bringing the Building or the Common Areas into compliance with Applicable Laws enacted after the effective date of this Lease, but not including any initial development expenses; and all maintenance and

repair costs, dues, fees, assessments and other expenses charged with respect to the Building (or the Building's Share of such costs charged relative to the Park) incurred under any covenants or charged by any POA (subject to Section 1.02) for the Park and the Building's Share of all charges payable under the terms of the RTP Covenants after the Lease Date. Costs and expenses which according to generally accepted accounting principles (GAAP) are required to be capitalized will not be included in Operating Expenses, except where the capital improvements are proven to actually reduce other Operating Expenses, in which case the costs of such capital improvements will be amortized basis over the useful life of the applicable improvement and only the amortized portion shall be included in Operating Expenses. As of the Lease Date, Landlord's good-faith estimate of grossed-up Park Expenses for 2021 is attached hereto as **Exhibit K**.

Notwithstanding the foregoing, Operating Expenses shall not include the following items; personal property taxes paid directly by any tenant of the Park; debt service payments and any late fees, penalties, and reimbursements due to lenders or lenders' counsel with respect thereto; reserves; costs of selling, syndicating, financing, or mortgaging Landlord's interest in the Building or the Park; general corporate overhead of Landlord and its affiliates; brokers' and finders' fees or other commissions; leasing expenses (including space planning costs, concessions or credits, allowances, advertising expenses, and attorney's fees with respect to negotiations or disputes with tenants); permitting, licensing and inspection costs associated with the installation or renovation of tenant improvements of other tenants; depreciation on improvements or equipment and machinery; expenses for items which are not generally available for use by all tenants of the Park; advertising or promotional expenses; attorneys' fees; wages, salaries, employee benefits and payroll taxes for Landlord's personnel (except to the extent such personnel are employed to operate or repair the Common Areas, buildings, or other improvements within the Park; provided, if such personnel also service other assets in the Raleigh/Durham market, only their pro-rata costs for servicing this Building or the Park shall be included); costs incurred by Landlord in connection with the testing, response to, clean-up or removal of any Hazardous Materials; costs or expenses incurred due to violation by any party (other than Tenant) of any term or condition of this Lease or Applicable Law; costs and expenses incurred by Landlord in connection with disputes with tenants of the Park; artwork and sculpture in the Common Areas; late fees, penalties and charges associated with the late payment of Real Estate Taxes, assessments, liens, or utilities; costs paid or incurred by Landlord in bringing the Building or the Common Areas into compliance with Applicable Laws enacted prior to the Lease Date; costs for the maintenance, repair and replacement of the structural elements of the Building or Park any costs to the extent insurance recoveries are received by Landlord as payment for or refund of such costs; and any other costs or expenses directly paid by individual tenants or other third parties (other than as a component of such Tenant's Proportionate Share of Operating Expenses).

(c) "***Tenant's Proportionate Share of Operating Expenses***" shall mean an amount equal to the product of Tenant's Proportionate Share multiplied by an amount equal to the Operating Expenses incurred during or properly chargeable to the calendar year in question.

Notwithstanding anything herein to the contrary, for purposes of computing Tenant's Proportionate Share of Operating Expenses, Operating Expenses that constitute Controllable Expenses (as defined herein) shall not exceed the Cap Amount (as defined herein). As used herein, the term "***Controllable Expenses***" means all Operating Expenses exclusive of charges for security services unaffiliated with Landlord, utilities, insurance, compliance with Applicable Laws going into effect following the Commencement Date, taxes and assessments, snow and ice removal, management fees for the Building (capped at two and 5/10ths percent (2.5%) of gross rentals), POA management fees (capped at five percent (5%) of Common Area expenses, and in any event the Building's Share of such POA management fees shall not exceed $20,000 for any calendar year), other Park Expenses, and any other charges beyond Landlord's reasonable control. The term "***Cap Amount***" means (i) with respect to calendar year 2022, the Controllable Expenses in calendar year 2021 multiplied by 1.05, and (ii) with respect to all subsequent calendar years during the Lease Term, the Cap Amount for the preceding calendar year multiplied by 1.05.

(d) "***Real Estate Taxes***" shall mean any form of real estate tax or assessment or service payments in lieu thereof, any state franchise taxes assessed on tangible property, and any license fee, commercial rental tax, improvement bond or other similar charge or tax (other than inheritance, personal income or estate taxes) imposed upon the Building or Common Areas, or against Landlord's business of leasing the Building, by any authority having the power to so charge or tax, together with costs and expenses of contesting the validity or amount of the Real Estate Taxes. In the event the tax parcel on which the Building is located (the "***Tax Parcel***") includes other buildings or improvements, the Real Estate Taxes allocated to the Building will be based on the relative value of the Building and such other improvements, as evidenced by the applicable tax bill. In the event such tax bill does not specifically allocate such value, the Real Estate Taxes allocated to the Building shall be determined by multiplying the total value of such improvements shown on the tax bill for the Tax Parcel by a fraction, the numerator of which is the Rentable Area of the Building and the denominator of which is the square footage of all buildings located on the Tax Parcel. Tenant acknowledges that, at any time during the Lease Term, Landlord may enter into a Brownfields Agreement relative to the Tax Parcel pursuant to and subject to the terms and provisions in Section 15.06 that will result in a partial exclusion of the appraised value of such parcel(s) and improvements for purposes of calculating ad valorem taxes as provided in N.C.G.S. § 105-277.13 (the "***Brownfields Tax Abatement***"). In that regard, for any year that a Brownfields Tax Abatement is applicable relative to the Building, Real Estate Taxes allocated to the Building and included in Operating Expenses shall be equal to the Unadjusted Tax Amount, less Tenant's Abatement Share.

For each tax bill issued during the Lease Term for which a Brownfields Tax Abatement is applicable, Landlord shall notify Tenant in writing of (1) the value of the Brownfields Tax Abatement for such year evidenced by the tax bill issued for the Tax Parcel, (2) the amount that the Real Estate Taxes for the Tax Parcel would have been for that year had the appraised value of the Tax Parcel not been partially excluded for tax purposes by virtue of the Brownfields Agreement (the "***Unadjusted Tax Amount***"). "***Tenant's Abatement Share***" shall be determined by (i) reducing the Brownfield Tax Abatement by all of Landlord's costs and expenses incurred with respect to the Brownfields application process, qualifying for the Brownfields Program, the negotiation of the Brownfields Agreement and obtaining the Brownfields Tax Abatement, and multiplying the result by a fraction, (1) the numerator of which will be Tenant's expenditures

(exclusive of the Allowance) of constructing and completing the Tenant Improvements for the Initial Leased Premises and the Deferred Leased Premises, as certified to Landlord with reasonable supporting documentation (the "***Tenant Costs***"), and (2) the denominator of which will be the sum of the Tenant Costs, the Allowance, all of Landlord's costs and expenses in completing the Shell Improvements, and all costs and expenses incurred by Landlord (or any future tenant thereof, from time to time) in developing, improving and renovating any additional improvements on the Tax Parcel, in as reasonably certified to Tenant. (By way of example, if the Building's Tax Abatement for a year was $250,000.00, and Tenant's Costs in clause (1) were $10,000,000, and Landlord's expenditures in clause (2) were $40,000,000, then the Tenant's Abatement Share would be $50,000.00).

Section 3.03. Payment of Additional Rent.

(a) Any amount required to be paid by Tenant hereunder (in addition to Minimum Annual Rent) and any charges or expenses incurred by Landlord on behalf of Tenant under the terms of this Lease shall be considered "Additional Rent" payable in the same manner and upon the same terms and conditions as the Minimum Annual Rent reserved hereunder, except as set forth herein to the contrary. Any failure on the part of Tenant to pay such Additional Rent when and as the same shall become due shall entitle Landlord to the remedies available to it for non- payment of Minimum Annual Rent.

(b) In addition to the Minimum Annual Rent specified in this Lease, commencing as of the Commencement Date, Tenant shall pay to Landlord as Additional Rent for the Leased Premises, in each calendar year or partial calendar year during the Lease Term, an amount equal to the Annual Operating Expense Adjustment for such calendar year. Landlord shall estimate the Annual Operating Expense Adjustment annually, and written notice thereof shall be given to Tenant prior to the beginning of each calendar year. Tenant shall pay to Landlord each month, at the same time the Monthly Rental Installment is due, an amount equal to one-twelfth (1/12) of the estimated Annual Operating Expense Adjustment. Tenant shall be responsible for delivering the Additional Rent to the payment address set forth in Section 1.01(l) above in accordance with this Section 3.03. If Operating Expenses increase during a calendar year, Landlord may increase the estimated Annual Operating Expense Adjustment during such year by giving Tenant thirty (30) days' advance written notice to that effect, and thereafter Tenant shall pay to Landlord, in each of the remaining months of such year, an amount equal to the amount of such increase in the estimated Annual Operating Expense Adjustment divided by the number of months remaining in such year. Landlord will endeavor to prepare and deliver to Tenant within one hundred twenty (120) days after the end of each calendar year a statement showing the actual Annual Operating Expense Adjustment and the underlying Operating Expenses therefor (each such statement the "***Annual Statement***"). Within thirty (30) days after receipt of the Annual Statement, Tenant shall pay to Landlord, or Landlord shall credit against the next rent payment or payments due from Tenant (or refund to Tenant, if this Lease has expired or terminated), as the case may be, the difference between the actual Annual Operating Expense Adjustment for the preceding calendar year and the amount paid by Tenant during such year. This Section 3.03 shall survive the expiration or any earlier termination of this Lease.

(c) Tenant shall have the right to inspect records of Landlord which are reasonably necessary for Tenant to conduct a review of the Operating Expenses for the period covered by an Annual Statement. Any such inspection shall be subject to the following conditions: (i) such inspection must be commenced within six (6) months following Tenant's receipt of an Annual Statement (or Tenant's right to such inspection shall be deemed waived), and only one (1) such inspection may be performed in any calendar year, (ii) Tenant shall provide Landlord with at least ten (10) business days' prior written notice of such inspection, (iii) any such inspection shall be performed on a non-contingency basis, (iv) any such inspection shall be conducted at the office reasonably designated by Landlord and shall be conducted during normal business hours, (v) any such inspection shall be at the sole cost and expense of Tenant (provided, however, that if Tenant's inspection reveals that Tenant has been overcharged by more than five percent (5%), Landlord shall pay up all reasonable and actual third party costs and expenses incurred in connection with such review, up to a maximum of $20,000.00 per review), (vi) in no event shall Tenant's rights hereunder relieve Tenant of its obligation to pay all amounts due as and when provided in this Lease, (vii) Tenant agrees that it will not disclose, but will keep in strict confidence, the information furnished to Tenant by Landlord, but nothing herein shall prohibit Tenant from making such disclosures as necessary to Tenant's employees, agents, attorneys, and accountants, subtenants (and prospective subtenants) and assignees (and prospective assignees) and otherwise as necessary to prosecute its claim or to comply with Applicable Laws; and (viii) in no event shall Tenant be entitled to conduct such inspection if Tenant is then in Default under this Lease pursuant to Sections 13.01(a) or (e), Article 4, or Section 8.04. In the event Landlord disputes the results of Tenant's inspection, and the parties cannot in good faith agree upon the actual applicable charges, such matter shall be submitted to an independent certified public accountant mutually and reasonably acceptable to Landlord and Tenant, whose determination of the actual charges shall be binding. The cost of such independent audit shall be borne by the party whose determination of Operating Expenses was further from the determination made by the independent auditor. Following the final resolution of Tenant's inspection, Tenant shall pay to Landlord or Landlord shall credit Tenant's account (or, if such adjustment occurs at the end of the Lease Term, pay to Tenant), as the case may be, within thirty (30) days of the final resolution, the amount of any excess or deficiency. This Section 3.03 shall survive the expiration or any earlier termination of this Lease.

Section 3.04. Late Charges. Tenant acknowledges that Landlord shall incur certain additional unanticipated administrative and legal costs and expenses if Tenant fails to pay timely any payment required hereunder. Therefore, in addition to the other remedies available to Landlord hereunder, if any payment required to be paid by Tenant to Landlord hereunder shall not be paid within five

(5) business days of the date due, such unpaid amount shall bear interest from the due date thereof to the date of payment at the greater of: (i) the prime rate of interest, as reported in the Wall Street Journal (the "***Prime Rate***"), plus five percent (5%) per annum, or (ii) ten percent (10%) per annum.

## ARTICLE 4 - LETTER OF CREDIT

Section 4.01. As security for the performance of its obligations under the Lease (including, without limitation, payment of Minimum Annual Rent and Additional Rent), Tenant, within five (5) business days following the Lease Date, shall deliver to Landlord an irrevocable,

unconditional, transferable, stand-by letter of credit issued in favor of Landlord, as beneficiary, and issued for Tenant, as account party (the "***Letter of Credit***"), in the amount of Three Million Three Hundred Forty-Nine Thousand and No/100 Dollars ($3,349,000.00) (the "***Letter of Credit Amount***"). In the event Tenant fails to timely deliver the Letter of Credit (which Letter of Credit shall comply fully with all terms and provisions of this Section 4.01) in the Letter of Credit Amount, Landlord may, up until such time as such Letter of Credit is actually received by Landlord, terminate the Lease by giving written notice of such termination to Tenant. All costs and fees incurred in connection with the issuance of the Letter of Credit shall be borne entirely by Tenant. The Letter of Credit shall be issued by a federally-chartered bank reasonably approved by Landlord (and Landlord hereby approves Silicon Valley Bank), shall be in form and content reasonably satisfactory to Landlord, shall permit partial draws, shall permit draws upon presentation to a bank office located in the State of North Carolina, and shall either be automatically renewing for "evergreen", or have an expiration date (the "***Letter of Credit Expiration Date***") that is no earlier than the day immediately preceding the first (1st) anniversary of the Commencement Date.

Section 4.02. Continuation Letters of Credit. Subject to Section 4.05, Tenant shall continue to provide security for the performance of its obligations under the Lease by causing the Letter of Credit to automatically renew or by providing Landlord with additional irrevocable, unconditional, transferable, stand-by letters of credit in the Letter of Credit Amount issued in favor of Landlord, as beneficiary, and issued for Tenant, as account party (collectively, the "***Continuation Letters of Credit***"; each, a "***Continuation Letter of Credit***") during the entire Lease Term. The original of the first Continuation Letter of Credit shall be issued and delivered to Landlord no later than the date that is thirty (30) days prior to the Letter of Credit Expiration Date (but shall not be effective until the Letter of Credit Expiration Date). The original of each subsequent Continuation Letter of Credit (and the applicable Letter of Credit Accompanying Documentation) shall be delivered to Landlord no later than the date that is thirty (30) days prior to the expiration date of the preceding Continuation Letter of Credit and each Continuation Letter of Credit shall have an expiration date that is no earlier than the day immediately preceding the first (1st) anniversary of the expiration date of the preceding Continuation Letter of Credit (but shall not be effective until the expiration date of the preceding Continuation Letter of Credit).

Section 4.03. Draws. If Tenant fails to timely deliver the Letter of Credit or any Continuation Letter of Credit to Landlord and such failure continues for five (5) business days after written notice to Tenant (with any other notice and cure periods afforded to Tenant hereunder being inapplicable in such circumstances), such failure by Tenant shall entitle Landlord to immediately draw upon the full outstanding amount of the Letter of Credit or the then-applicable Continuation Letter of Credit (as the case may be) and hold such funds as a cash security deposit (which such deposit shall be held and applied in accordance with Applicable Laws and this Lease, including without limitation Section 4.05). Additionally, Landlord shall be entitled to draw upon the Letter of Credit and/or any Continuation Letter of Credit (as the case may be) to fund the performance of any obligation(s) of Tenant under the Lease if Tenant is in default in the performance of such obligation(s) beyond the expiration of any applicable notice and cure period (if any) set forth in the Lease. The issuing bank shall be required (up to the face

amount(s) of the Letter of Credit and/or any applicable Continuation Letter of Credit) to disburse amounts to Landlord under the Letter of Credit and/or the applicable Continuation Letter of Credit (as the case may be) based solely on the written statement of Landlord (i) certifying that Tenant is in default in the performance of its obligation(s) under the Lease beyond the expiration of any applicable notice and cure period (if any) set forth in the Lease and (ii) certifying the amount due to Landlord as a result of such uncured default(s) (which shall be the amount payable, up to an aggregate ceiling amount equal to the face amount(s) of the Letter of Credit and/or any applicable Continuation Letter of Credit (as the case may be), to Landlord under such instrument). Landlord agrees to concurrently provide Tenant with a copy of any such written statement Landlord provides to the issuing bank pursuant to the immediately preceding sentence.

Section 4.04. Transfers. If Landlord's interest in the Leased Premises is sold or otherwise transferred, Landlord shall transfer the Letter of Credit and any of the Continuation Letters of Credit to the new owner (and such instruments shall each expressly permit such transfers), at Landlord's sole cost and expense, if any, and upon completion of such transfer (including an acknowledgement by the transferee of the same), Landlord shall thereupon be released from all liability for the safekeeping and administration of the Letter of Credit and the Continuation Letters of Credit and Tenant shall thereafter look solely to such new owner for the safekeeping and administration of the Letter of Credit and the Continuation Letters of Credit. The terms hereof shall apply to every transfer of the Letter of Credit and/or the Continuation Letters of Credit.

Section 4.05. Adjustments to Letter of Credit Amount. Notwithstanding anything to the contrary set forth in this Article 4, so long as no Default exists by Tenant under the terms of the Lease which is then continuing, the Letter of Credit Amount shall be adjusted as follows:

| Event/Timing | Letter of Credit Amount |
|---|---|
| Tenant engages in an initial public offering for the sale of Tenant's stock on a public securities exchange (an "***IPO***") and Tenant's market capitalization equals or exceeds $3.5 billion. | $ 1,674,500.00 |
| Fifth (5th ) Anniversary of Commencement Date (assuming no IPO has then occurred) | $ 1,674,500.00 |
| Seventh (7th ) Anniversary of the Commencement Date (whether or not an IPO has occurred) | $ 0.00 |

## ARTICLE 5 - OCCUPANCY AND USE

Section 5.01. Use. Tenant shall use the Leased Premises for the Permitted Use and for no other purpose without the prior written consent of Landlord, not to be unreasonably withheld, conditioned or delayed.

Section 5.02. Covenants of Tenant Regarding Use.

(a) Tenant shall (i) use and maintain the Leased Premises and conduct its business thereon in a lawful manner, (ii) comply in all material respects with all covenants, conditions and restrictions that encumber the Building (including, without limitation, the RTP Covenants (as defined below)) and all laws, rules, regulations, codes, orders, ordinances, directions and requirements of any governmental authority or agency, now in force or which may hereafter be in force, including, without limitation, the Americans with Disabilities Act of 1990, and including, without limitation, those which shall impose upon Landlord or Tenant any duty with respect to or triggered by a change in the use or occupation of, or any improvement or alteration to, the Leased Premises (collectively, "***Applicable Laws***"), and (iii) comply with and obey all reasonable and non-discriminatory directions, rules and regulations of Landlord that are required of all tenants in the Park and do not materially and adversely affect Tenant's use of the Leased Premises or rights under this Lease, including the Building Rules and Regulations attached hereto as **Exhibit E** and made a part hereof, as may be modified from time to time by Landlord on reasonable notice to Tenant. Tenant shall promptly provide Landlord with copies of any notices it receives regarding an alleged violation of the foregoing. For purposes of the foregoing, the "***RTP Covenants***" means the restrictive covenants encumbering property within the RTP, as evidenced by that certain Amended and Restated Conditions, Covenants, Restrictions and Reservations Affecting The Research Triangle Park recorded in Book 7515, Page 459 in the Durham County, North Carolina Office of the Register of Deeds (the "***Registry***"), as corrected by (Corrected) Amended and Restated Conditions, Covenants, Restrictions and Reservations Affecting The Research Triangle Park recorded in Book 7559, Page 1 in the Registry; as amended by First Amendment to (Corrected) Amended and Restated Conditions, Covenants, Restrictions and Reservations Affecting The Research Triangle Park recorded in Book 8564, Page 575 in the Registry; as affected by Waiver of Right of First Refusal recorded in Book 8693, Page 802 in the Registry, as same may be amended, supplemented or modified from time to time.

(b) Tenant shall not do or permit anything to be done in or about the Leased Premises that will in any way cause a nuisance, obstruct or interfere with the rights of other tenants or occupants of the Park. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Park of any of Landlord's directions, rules and regulations, but agrees that any enforcement thereof shall be done uniformly. Tenant shall not use the Leased Premises, nor allow the Leased Premises to be used, for any purpose or in any manner that would (i) invalidate any policy of insurance now or hereafter carried by Landlord on the Building made known to Tenant, or (ii) increase the rate of premiums payable on any such insurance policy made known to Tenant, unless Tenant reimburses Landlord for any increase in premium charged. Landlord hereby represents and warrants that Tenant's current intended use for laboratory diagnostic testing using DNA sequencing does not violate the preceding conditions.

Section 5.03. Landlord's Rights Regarding Use. Without limiting any of Landlord's rights specified elsewhere in this Lease (but without modifying Landlord's obligations to maintain and operate the Common Areas and construct, maintain and operate the Additional Improvements in accordance with the other provisions of this Lease) (a) Landlord shall have the right at any time, without notice to Tenant, to control, change or otherwise alter the Common

Areas in such manner as it deems necessary or proper, and (b) Landlord, its agents, employees and contractors and any mortgagee of the Building shall have the right to enter any part of the Leased Premises, at reasonable times upon at least five (5) business day's prior notice (except in the event of an emergency or to perform emergency or immediate repair and maintenance that Landlord is required to perform under this Lease, in which case no notice shall be required), for the purposes of examining or inspecting the same, showing the same to prospective purchasers, mortgagees or tenants (in the latter case, only during the last eighteen (18) months of the Lease Term), and making such repairs, alterations or improvements to the Leased Premises or the Building as Landlord may deem necessary or desirable. All such access by Landlord or any other party pursuant to the preceding sentence shall be subject to Landlord or such party abiding by Tenant's security requirements and procedures, and except in the case of emergency Landlord or such party must be accompanied by a representative of Tenant; provided that if Tenant does not make a representative available for a properly noticed access by Landlord (or waive such requirement) then Landlord may proceed to enter without such accompaniment. In the absence of negligence or willful misconduct Landlord shall incur no liability to Tenant for such entry, nor shall such entry constitute an eviction of Tenant or a termination of this Lease or entitle Tenant to any abatement of rent therefor. In addition, Landlord has the right at any time to change the name, number or designation by which the Building is commonly known, provided that Landlord shall pay Tenant's reasonable, actual costs and expenses (not to exceed $2,500) incurred as a result of any such change by Landlord. Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Leased Premises during the making of such repairs, alterations or improvements provided that Landlord shall have no obligation to employ contractors or labor at overtime or other premium pay rates or to incur any other overtime costs or additional expenses whatsoever.

## ARTICLE 6 - UTILITIES AND OTHER BUILDING SERVICES

Section 6.01. Services to be Provided. Landlord shall furnish to Tenant, except as noted below, the following utilities and other services to the extent reasonably necessary for Tenant's use of the Leased Premises for the Permitted Use, or as may be required by law or directed by governmental authority:

(a) Water in the Common Areas for lavatory and drinking purposes (with Tenant being responsible to install and connect a separate water line to the Building, to be separately metered);

(b) Washing of exterior windows at intervals reasonably established by Landlord, to be no less frequent that two (2) times per year;

(c) Maintenance of the Common Areas, including the regular removal of rubbish, graffiti, dead or diseased plants, and ice and snow (the latter to include preparation of surfaces prior to the ice/snow event, and prompt and regular removal of ice and snow from driveways, parking lots and walkways to insure safe and reasonable access to the Building and use of the driveways, parking lots and walkways by Tenant and its employees and invitees).

Section 6.02. Additional Services. If Tenant requests utilities or building services in addition to those identified above, or if Tenant uses any of the above utilities or services in frequency, scope, quality or quantity substantially greater than that which Landlord determines is normally required by other tenants in the Building, then Landlord shall use reasonable efforts to attempt to furnish Tenant with such additional utilities or services. In the event Landlord is able to and does furnish such additional utilities or services, the costs thereof (which shall be deemed to mean the cost that Tenant would have incurred had Tenant contracted directly with the utility company or service provider) shall be borne by Tenant, who shall reimburse Landlord monthly for the same as Additional Rent. Landlord shall also have the right to submeter or separately meter the Leased Premises at Tenant's sole cost, and Tenant shall pay such utilities based on the submeter or separate meter.

Section 6.03. Use of Electrical Services by Tenant. Tenant acknowledges that electrical services provided to the Leased Premises are separately metered and will not be included in Operating Expenses. Tenant shall separately contract with Duke Energy to provide electrical service to the Leased Premises, and Tenant shall pay all cost of electricity supplied to the Leased Premises prior to delinquency.

Section 6.04. Interruption of Services. Tenant acknowledges and agrees that any one or more of the utilities or other services identified in Sections 6.01 or 6.02 or otherwise hereunder may be interrupted by reason of accident, emergency or other causes beyond Landlord's control, or may be discontinued or diminished temporarily by Landlord or other persons until certain repairs, alterations or improvements can be made. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility or service and no such failure or interruption shall entitle Tenant to terminate this Lease or withhold sums due hereunder. Notwithstanding the foregoing to the contrary, if (A) there is an interruption or stoppage of any of utility services provided to the Leased Premises which is caused by the gross negligence or willful misconduct of Landlord or its contractors, employees or agents, and (B) such interruption or stoppage materially, adversely interferes with Tenant's use of the Leased Premises (or a portion thereof) as contemplated herein for a continuous period in excess of two (2) calendar days after Tenant delivers written notice of such event or occurrence to Landlord (or Landlord otherwise becomes aware of such material interruption) (and to each Mortgagee for which notice addresses have been provided to Tenant), and (C) Tenant actually does not use the affected portion or all, as the case may be, of the Leased Premises for the operation of Tenant's business therein for a continuous period in excess of such two (2) calendar days (other than to stabilize or shut down ongoing laboratory procedures), then, during the period of time that the condition continues beyond such second (2nd) calendar day, Tenant shall be entitled to an equitable abatement of Rent for the affected portion or all (as the case may be) of the Leased Premises for which such utilities are interrupted and which Tenant actually does not use for the operation of Tenant's business. Such Rent abatement shall cease immediately upon the earlier to occur of (i) the restoration of such service(s) or the restoration of such service(s) to a degree and extent sufficient to remove the material, adverse interference with Tenant's use of the Leased Premises as contemplated herein or (ii) Tenant's recommencement of use of the Leased Premises (or the relevant portion thereof) for the operation of Tenant's business therein.

## ARTICLE 7 - REPAIRS, MAINTENANCE AND ALTERATIONS

Section 7.01. Repair and Maintenance of Building and Common Areas. Except as set forth in Section 7.02, and in accordance with the standards set forth in Section 5.03, Landlord shall make all necessary repairs and replacements to the roof, exterior walls, exterior doors, and exterior windows of the Building and the Common Areas owned by Landlord and all utility, electrical, and plumbing and irrigation lines and air conditioning and heating systems serving such Common Areas. Without limiting the foregoing, during the Lease Term Landlord shall operate, manage and maintain the portions of the Common Areas owned by Landlord in a "Class A" manner, which shall include neat, clean, orderly and operable conditions, properly lighted and landscaped (where applicable), in compliance with Applicable Law, and free from any Hazardous Substances in violation of Applicable Law. Landlord shall not make (nor allow any POA to make) any changes, alterations, reconfigurations, reductions or modifications to the Common Area or the Building which would materially or unreasonably interfere with Tenant's use and enjoyment of the Leased Premises, Tenant's access to or view from the Leased Premises, the visibility of Tenant's exterior signage, or any other material rights Tenant has under this Lease. Any construction work performed by Landlord shall be done in a manner which causes the least amount of interference to Tenant's use of the Leased Premises and the Common Area as is reasonably possible. The cost of such repairs, replacements and maintenance shall be included in Operating Expenses to the extent provided in Section 3.02; provided however, to the extent any such repairs, replacements or maintenance are required because of the negligence, misuse or Default of Tenant, its employees, agents, contractors, customers or invitees, or are made at the specific request of Tenant, Landlord shall make such repairs at Tenant's sole expense, in which case Tenant shall reimburse Landlord for all costs and expenses incurred by Landlord in making such repair as Additional Rent within thirty (30) days of Landlord's written demand together with delivery of applicable invoices therefor.

Section 7.02. Repair and Maintenance of Leased Premises. Tenant shall keep and maintain the Leased Premises in good condition and repair, including providing routine janitorial services consistent with other first-class research and development facilities located within the RTP, other than with respect to repairs that are Landlord's responsibility pursuant to Section 7.01. If Tenant fails to perform such repair and maintenance obligations, Landlord shall make such repairs or perform such maintenance at Tenant's sole expense, in which case Tenant shall reimburse Landlord for all costs and expenses incurred by Landlord in making such repairs or performing such maintenance as Additional Rent within thirty (30) days of Landlord's delivery of applicable invoices therefor, together with underlying supporting invoices and documentation. Tenant's repair and maintenance obligations include, without limitation, repairs and maintenance to: (a) floor coverings; (b) interior partitions; (c) interior doors; (d) the interior side of demising walls; (e) electronic, fiber, phone and data cabling and related; (f) all heating and air conditioning systems, exhaust systems and life safety systems (including all fire sprinkler/suppression systems, annunciators/horns/strobes, emergency communication boosters, fire extinguishers, fire panels and associated equipment) serving the Leased Premises; (g) all plumbing (including back flow inspections and annual certifications) and electrical lines located within the interior walls and above the floor structures, equipment and fixtures within the Leased Premises; (h) all alterations performed by Tenant; (i) all installations and equipment located

within the Outside Supporting Equipment Areas (as defined in Section 16.21); (j) all Roof Equipment; and (k) all lighting and lighting fixtures and equipment. Tenant shall contract for any pay for collection and disposal of trash and refuse generated by operations at the Leased Premises, including all costs associated with installing and maintaining any dumpsters and compactors installed from time to time within the Outside Supporting Equipment Area. Tenant shall be solely responsible for any repair or replacement with respect to Tenant's Property located in the Leased Premises, the Building, the Outside Supporting Equipment Areas or the Common Areas. Nothing in this Article 7 shall obligate Landlord or Tenant to repair normal wear and tear to any paint, wall covering or carpet in the Leased Premises. Tenant shall have full control over heating and air condition systems serving the Leased Premises. Tenant's duty to maintain the heating and air conditioning systems serving the Leased Premises shall specifically include the duty to inspect the system, to replace filters as recommended and to perform other recommended periodic servicing; provided, in the event repairs or replacements to the heating and air conditioning systems serving the Building are required during the last two (2) years of the Lease Term, and such repairs or replacements are properly classified as capital improvements under GAAP, then upon the expiration of the Lease Term, Landlord will reimburse Tenant for the unamortized cost of such capital repairs or replacements, based on the estimated remaining useful life of same (such amortization calculated based on the date such repairs or replacements are completed through the estimated useful life), unless such replacement is due to the acts of Tenant or Tenant's failure to perform ordinary course maintenance on the same. Tenant shall obtain and maintain at all times a service contract with an independent maintenance contractor reasonably satisfactory to Landlord to provide such service for the heating and air conditioning system and for the life safety system. The service contract must include all services required by the applicable equipment manufacturer(s) in the operation and maintenance manual(s) and must become effective on the Commencement Date. If any repairs required to be made by Tenant hereunder are not made (or commenced) within thirty (30) days after written notice delivered to Tenant by Landlord (provided no advance written notice shall be required in cases of emergency), Landlord may, at its option, make such repairs without liability to Tenant, and Tenant shall pay to Landlord immediately upon demand, as additional rental hereunder, the cost of such repairs plus ten percent (10%) of the amount thereof.

Section 7.03. Alterations. Except for the initial Tenant Improvements and Non-Material Alterations (as defined below), Tenant shall not make alterations in or to the Leased Premises unless and until Landlord has approved the plans therefor and the general contractor that will be engaged by Tenant to perform such alterations. Landlord shall notify Tenant of its approval or disapproval of Tenant's alterations within ten (10) business days after notice from Tenant specifying the proposed alteration and delivery of plans and specifications detailing same. Landlord shall not unreasonably withhold, delay, or condition approval for any alterations, additions, or improvements in or to the Leased Premises or Building. As a condition of such approval (and at the time of such approval), Landlord may require Tenant to remove the alterations and restore the Leased Premises upon termination of this Lease; otherwise, all such alterations shall at Landlord's option become a part of the realty and the property of Landlord at the expiration or earlier termination of this Lease, and shall not be removed by Tenant. For purposes of clarification, Tenant will not be required to remove (i) the initial Tenant Improvements, (ii) alterations for which Landlord did not notify Tenant of the removal

requirement at the time of Landlord's approval, and (iii) any Alterations for which Landlord gives a removal notice less than thirty (30) days before the termination of this Lease. Tenant shall ensure that all alterations shall be made in accordance with all Applicable Laws in a good and workmanlike manner and of quality equal to or better than the original construction of the Building; provided Landlord's approval of such plans shall not be deemed a representation by Landlord that same comply with Applicable Laws. No person shall be entitled to any lien derived through or under Tenant for any labor or material furnished to the Leased Premises, and nothing in this Lease shall be construed to constitute Landlord's consent to the creation of any lien. If any lien is filed against the Leased Premises for work claimed to have been done for or materials claimed to have been furnished to Tenant, Tenant shall cause such lien to be discharged of record or bonded against within thirty (30) days after filing. Tenant shall indemnify Landlord from all costs, losses, expenses and attorneys' fees in connection with any construction or alteration and any related lien. Notwithstanding the foregoing, Tenant shall be required to give prior written notice to Landlord, but Tenant shall not be required to obtain Landlord's consent, for alterations to the Leased Premises totaling less than $250,000.00 individually or $750,000.00 in the aggregate over any twenty-four (24) month period, provided such alterations (i) are non-structural in nature, (ii) do not materially affect any of the Building systems (including, without limitation, the heating and air conditioning and plumbing systems), and (iii) do not affect the exterior or aesthetics of the Building (the foregoing being "***Non-Material Alterations***"). Tenant shall not be required to obtain Landlord's prior approval, to use a specific contractor, or to furnish performance bonds or completion guaranties for Non-Material Alterations; provided, Landlord reserves the right to require that Tenant remove any Non-Material Alterations upon the expiration or earlier termination of this Lease and restore any resulting damage to the Building, upon written notice to Tenant at least one hundred eighty (180) days prior to the end of the Lease Term.

## ARTICLE 8 - INDEMNITY AND INSURANCE

Section 8.01. Release. All of Tenant's trade fixtures, merchandise, inventory, special fire protection equipment, telecommunication and computer equipment, supplemental air conditioning equipment, kitchen equipment, all partitions, hardware, built-in machinery and all other personal property in or about the Leased Premises, the Building or the Common Areas, which is deemed to include the trade fixtures, merchandise, inventory and personal property of others located in or about the Leased Premises or Common Areas at the invitation, direction or acquiescence (express or implied) of Tenant, all Roof Equipment and all equipment and fixtures located within the Outside Supporting Systems Area (all of which property shall be referred to herein, collectively, as "***Tenant's Property***"), shall be and remain at Tenant's sole risk. Landlord shall not be liable to Tenant or to any other person for, and Tenant hereby releases Landlord (and its affiliates, property managers and mortgagees) from, (a) any and all liability for theft or damage to Tenant's Property, and (b) any and all liability for any injury to Tenant or its employees, agents, contractors, guests and invitees in or about the Leased Premises, the Building or the Common Areas, except to the extent of personal injury caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Nothing contained in this Section 8.01 shall limit (or be deemed to limit) the waivers contained in Section 8.06 below. In the event of any conflict between the provisions of Section 8.06 below and this Section 8.01, the provisions of Section 8.06 shall prevail. This Section 8.01 shall survive the expiration or earlier termination of this Lease.

Section 8.02. Indemnification by Tenant. Tenant shall protect, defend, indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, shareholders, directors, agents, employees, licensees, invitees, representatives, property managers, mortgagees and contractors (collectively, "***Landlord Related Parties***") of all tiers harmless from and against any and all claims, damages, demands, penalties, costs, liabilities, losses, and expenses (including reasonable attorneys' fees and expenses at the trial and appellate levels) to the extent (a) arising out of or relating to any act, omission, negligence, or willful misconduct of Tenant or Tenant's agents, employees, contractors, customers or invitees in or about the Leased Premises, the Building or the Common Areas, (b) arising out of or relating to any of Tenant's Property, or arising out of any other act or occurrence within the Leased Premises, in all such cases except to the extent of personal injury caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Nothing contained in this Section 8.02 shall limit (or be deemed to limit) the waivers contained in Section 8.06 below or the indemnities in Section 15.04 below. In the event of any conflict between the provisions of Section 8.06 below and this Section 8.02, the provisions of Section 8.06 shall prevail. This Section 8.02 shall survive the expiration or earlier termination of this Lease.

Section 8.03. Indemnification by Landlord. Landlord shall protect, defend, indemnify and hold Tenant, its agents, employees, licensees, invitees, representatives, and contractors of all tiers harmless from and against any and all claims, damages, demands, penalties, costs, liabilities, losses and expenses (including reasonable attorneys' fees and expenses at the trial and appellate levels) to the extent arising out of or relating to any negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors. Nothing contained in this Section 8.03 shall limit (or be deemed to limit) the waivers contained in Section 8.06 below. In the event of any conflict between the provisions of Section 8.06 below and this Section 8.03, the provisions of Section 8.06 shall prevail. This Section 8.03 shall survive the expiration or earlier termination of this Lease.

Section 8.04. Tenant's Insurance.

(a) During the Lease Term (and any period of early entry or occupancy or holding over by Tenant, if applicable), Tenant shall maintain the following types of insurance, in the amounts specified below:

(i) Liability Insurance. Commercial General Liability Insurance, ISO Form CG 00 01, or its equivalent, covering Tenant's use of the Leased Premises against claims for bodily injury or death or property damage, which insurance shall be primary and non-contributory and shall provide coverage on an occurrence basis with a per occurrence limit of not less than $5,000,000 for each policy year, which limit may be satisfied by any combination of primary and excess or umbrella per occurrence policies.

(ii) Property Insurance. Special Form Insurance in the amount of the full replacement cost of Tenant's Property (including, without limitation, alterations or additions performed by Tenant pursuant hereto, but excluding those improvements, if any, made pursuant to Section 2.02 above), which insurance shall waive coinsurance limitations.

(iii) Worker's Compensation Insurance. Worker's Compensation insurance in amounts required by Applicable Law; provided, if there is no statutory requirement for Tenant, Tenant shall still obtain Worker's Compensation insurance coverage.

(iv) Business Interruption Insurance. Business Interruption Insurance with limits not less than an amount equal to one (1) year's Minimum Annual Rent hereunder.

(v) Automobile Insurance. Comprehensive Automobile Liability Insurance insuring bodily injury and property damage arising from all owned, non-owned and hired vehicles, if any, with minimum limits of liability of $1,000,000 combined single limit, per accident.

(b) All insurance required to be carried by Tenant hereunder shall (i) be issued by one or more insurance companies licensed to do business in the State of North Carolina and having an AM Best's rating of A-IX or better, and (ii) provide that said insurance shall not be materially changed or permitted to lapse on less than ten (10) days' prior written notice to Landlord, and the insurance carriers will endeavor to provide ten (10) days' notice of cancellation or non-renewal. In addition, Tenant shall name Landlord, Landlord's managing agent, and any mortgagee requested by Landlord, as additional insureds under its commercial general liability, excess and umbrella policies (but only to the extent of the limits required hereunder). On or before the Commencement Date (or the date of any earlier entry or occupancy by Tenant), and thereafter, within a reasonable time after the expiration of each such policy, Tenant shall furnish Landlord with certificates of insurance in the form of ACORD 25 (or other evidence of insurance reasonably acceptable to Landlord), evidencing all required coverages, and that with the exception of Worker's Compensation insurance, such insurance is primary and non-contributory. If Tenant fails to carry such insurance and furnish Landlord with such certificates of insurance, Landlord may obtain such insurance on Tenant's behalf and Tenant shall reimburse Landlord upon demand for the cost thereof as Additional Rent. Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts or different types of insurance if it becomes customary for other landlords of similar buildings in the area to require similar sized tenants in similar businesses to carry insurance of such higher minimum amounts or of such different types.

Section 8.05. Landlord's Insurance. During the Lease Term, Landlord shall maintain the following types of insurance, in the amounts specified below (the cost of which shall be included in Operating Expenses):

(a) Liability Insurance. Commercial General Liability Insurance, ISO Form CG 00 01, or its equivalent, covering the Common Areas against claims for bodily injury or death and property damage, which insurance shall be primary and non-contributory and shall provide coverage on an occurrence basis with a per occurrence limit of not less than $5,000,000 for each policy year, which limit may be satisfied by any combination of primary and excess or umbrella per occurrence policies.

(b) Property Insurance. Special Form Insurance in the amount of the full replacement cost of the Building, including, without limitation, any improvements, if any, made pursuant to Section 2.02 above, but excluding Tenant's Property and any other items required to be insured by Tenant pursuant to Section 8.04 above.

Section 8.06. Waiver of Subrogation. Notwithstanding anything contained in this Lease to the contrary, Landlord (and its affiliates, property managers and mortgagees) and Tenant (and its affiliates) hereby waive any rights each may have against the other on account of any loss of or damage to their respective property, the Leased Premises, its contents, or other portions of the Building or Common Areas arising from any risk which is required to be insured against by Sections 8.04(a)(ii), 8.04(a)(iii), and 8.05(b) above. The special form property insurance policies and worker's compensation insurance policies maintained by Landlord and Tenant as provided in this Lease shall include an endorsement containing an express waiver of any rights of subrogation by the insurance company against Landlord and Tenant, as applicable.

## ARTICLE 9 - CASUALTY

Section 9.01. Notice of Casualty. Tenant shall give prompt notice to Landlord if all or any portion of the Leased Premises becomes damaged by fire or other casualty to the Leased Premises (collectively a "***Casualty***"). Landlord shall, within sixty (60) days after the occurrence of any Casualty, notify Tenant of the estimated amount of time it will take to repair the applicable damage, as jointly determined by Landlord's architect and a general contractor unaffiliated with Landlord and experienced in the construction and restoration of buildings such as the Building (the "***Repair Notice***"). In the event of such Casualty which materially damages all or a significant portion of the Leased Premises or otherwise renders all or a significant portion of the Leased Premises untenantable (a "***Material Casualty***"), Landlord, by notice to Tenant within thirty (30) days after the date of such Material Casualty, shall have the right to terminate this Lease if: (1) there is less than two (2) years of the Lease Term remaining on the date of the Material Casualty; (2) any mortgagee requires that all or the material portion of the insurance proceeds be applied to the payment of the mortgage debt; (3) a material loss to the Building or Leased Premises occurs from a cause not actually insured against and not required to be insured against pursuant to the Lease; or (4) the Repair Notice states that the reconstruction or restoration of the Building is reasonably anticipated to take longer than two hundred seventy (270) days following such Material Casualty. If this Lease is so terminated, (a) the Lease Term shall expire upon the date set forth in Landlord's termination notice, which shall not be less than thirty (30) days after such notice is given, and Tenant shall vacate the Leased Premises and surrender the same to Landlord no later than the date set forth in the notice, (b) Tenant's liability for rent shall cease as of the date of the Material Casualty, (c) any prepaid rental amounts for any period after the date of the Material Casualty shall be refunded by Landlord to Tenant, and (d) Landlord shall be entitled to collect all insurance proceeds of policies held by Landlord or Tenant providing coverage for alterations and other improvements to the Leased Premises (provided that for purposes of clarification Tenant shall not be responsible for paying or crediting to Landlord any deductibles applicable to Tenant's insurance policies). Landlord shall retain such proceeds from Tenant's insurance only to the extent that Landlord performed or paid for covered alterations and improvements, whether by contribution, offset or otherwise, and the balance of such proceeds, if any, shall be paid to Tenant.

Section 9.02. Restoration. If this Lease is not terminated, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, restore the Building, Leased Premises and Common Areas. Such restoration shall be to substantially the same condition that existed prior to the Casualty, except for modifications required by Applicable Laws or any other modifications to the Common Areas deemed desirable by Landlord (provided, such Common Areas shall be of a materially consistent utility and functionality as same existed prior to such Casualty). Upon notice from Landlord, Tenant shall assign or endorse over to Landlord (or to any party designated by Landlord) all property insurance proceeds payable to Tenant under Tenant's insurance with respect to any alterations or improvements performed by or for the benefit of Tenant (provided that for purposes of clarification Tenant shall not be responsible for paying or crediting to Landlord any deductibles applicable to Tenant's insurance policies); provided if the estimated cost to repair such Tenant alterations or improvements exceeds the amount of insurance proceeds received by Landlord from Landlord's and Tenant's insurance carriers, the excess cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repairs. Within thirty (30) days of written demand, together with supporting documentation, Tenant shall also pay Landlord for any additional excess costs that are reasonably incurred during the performance of the repairs. In no event shall Landlord be required to spend more for the restoration than the proceeds received by Landlord, other than with respect to deductibles under Landlord's insurance policies. Except as otherwise set forth in this Lease, Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant occasioned by damage by fire or other casualty or the repair thereof. Landlord will not carry insurance of any kind on Tenant's Property and shall not be obligated to restore or repair any damage to Tenant's Property except to the extent that Landlord receives Tenant's insurance proceeds as set forth above. Provided that Tenant is not then in Default beyond any applicable notice and cure periods, during any period of time that all or a material portion of the Leased Premises is rendered untenantable as a result of a Casualty, rent shall abate for the portion of the Leased Premises that is untenantable and not used by Tenant. Notwithstanding the foregoing, Landlord shall be liable for all excess costs if Landlord did not carry insurance it was required to under this Lease.

Section 9.03. Additional Termination Rights. In addition to Landlord's rights under Section 9.01, in the event of a Material Casualty, if (a) the Repair Notice states that the reconstruction or restoration of the Building is reasonable estimated to take longer than two hundred seventy (270) days of such Material Casualty, or (b) Landlord fails to repair the Leased Premises to substantially the same condition as immediately prior to such Casualty within two hundred seventy (270) days of such Casualty, then, in either circumstance, Tenant may, not later than thirty (30) days after receipt of the Repair Notice (under clause (a)) or the expiration of such 270-day period (but before Landlord's completion of repairs (under clause (b))), terminate this Lease by written notice to Landlord. If this Lease is so terminated, (a) the Lease Term shall expire upon the date set forth in Tenant's notice, which shall not be earlier than thirty (30) days following the date of Tenant's notice (nor more than sixty (60) days after such notice), and Tenant shall promptly vacate the Leased Premises and surrender the same to Landlord, (b) Tenant's liability for rent shall cease as of the date of the Casualty, (c) any prepaid rent for any period after the date of the damage shall be refunded by Landlord to Tenant, and (d) Landlord shall be entitled to collect all insurance proceeds of policies held by Landlord or Tenant providing coverage for alterations and other improvements to the Leased Premises.

## ARTICLE 10 - EMINENT DOMAIN

If all or any substantial part of the Building or Common Areas shall be acquired by the exercise of eminent domain, Landlord may terminate this Lease by giving written notice to Tenant on or before the date possession thereof is so taken. If all or any part of the Leased Premises shall be acquired by the exercise of eminent domain so that the Leased Premises shall become impractical for Tenant to use for the Permitted Use, Tenant may terminate this Lease by giving written notice to Landlord (to be effective as of the date possession thereof is so taken). All damages awarded shall belong to Landlord; provided, however, that Tenant may assert a separate claim for dislocation damages if such amount is not subtracted from Landlord's award.

## ARTICLE 11 - ASSIGNMENT AND SUBLEASE

Section 11.01. Assignment and Sublease.

(a) Tenant shall not assign this Lease or sublet the Leased Premises in whole or in part without Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. In the event of any permitted assignment or subletting, Tenant shall remain primarily liable hereunder, and any extension, expansion, rights of first offer, rights of first refusal or other options granted to Tenant under this Lease shall be rendered void and of no further force or effect. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease or to be a consent to the assignment of this Lease or the subletting of the Leased Premises. Any assignment or sublease consented to by Landlord shall not relieve Tenant (or its assignee) from obtaining Landlord's consent to any subsequent assignment or sublease. Tenant shall provide Landlord with at least thirty (30) days' prior notice of Tenant's intent to market all or a portion of the Leased Premises for assignment or sublease to third parties.

(b) By way of example and not limitation, Landlord shall be deemed to have reasonably withheld consent to a proposed assignment or sublease if in Landlord's opinion (i) the Leased Premises are or with the consummation of the proposed assignment or sublease would be reasonably likely to be adversely affected; (ii) the business reputation of the proposed assignee or subtenant is unacceptable, or (iii) the financial condition of the proposed assignee or subtenant is insufficient, in Landlord's commercially reasonable judgment, to meet its obligations hereunder. Landlord shall deny or give its consent to any proposed assignment or subletting within five (5) business days after receiving a request to consent, and if Landlord denies such request then it shall provide Tenant with a detailed reason therefor. If Landlord has not responded to Tenant's request within five (5) business days of delivery of a final execution-ready assignment or sublease document, together with the materials necessary to satisfy the consent requirements (if any) set forth in this Lease, then Tenant shall be entitled to send Landlord a second (2nd) notice containing the following statement in **bold and CAPITAL** letters "**THIS NOTICE IS BEING SENT PURSUANT TO ARTICLE 11 OF THE LEASE. LANDLORD HAS FAILED TO RESPOND TO TENANT'S REQUEST FOR APPROVAL OF AN ASSIGNMENT OR SUBLEASE TRANSACTION, AND IF LANDLORD FAILS TO RESPOND WITHIN**

**TWO (2) BUSINESS DAYS FOLLOWING DELIVERY OF THIS NOTICE, LANDLORD SHALL BE DEEMED TO HAVE APPROVED TENANT'S PROPOSED ASSIGNMENT OR SUBLEASE TRANSACTION**," then Landlord shall be deemed to have approved the proposed transaction consistent with Tenant's request.

(c) If Tenant shall make any assignment or sublease, with Landlord's consent, for a rental in excess of the rent payable under this Lease, then after reimbursement to Tenant of Tenant's expenses related to such assignment or sublease, Tenant shall pay to Landlord fifty percent (50%) of any such excess rental within three (3) business days of receipt. Tenant agrees to pay Landlord $1,500.00 within thirty (30) days of written demand by Landlord for reasonable accounting and attorneys' fees incurred in conjunction with the processing and documentation of any requested assignment, subletting or any other hypothecation of this Lease or Tenant's interest in and to the Leased Premises as consideration for Landlord's consent.

Section 11.02. Permitted Transfer. Notwithstanding anything to the contrary contained in Section 11.01 above, Tenant shall have the right, without Landlord's consent, but upon ten (10) days prior notice to Landlord, to (a) sublet all or part of the Leased Premises to any related corporation or other entity which controls Tenant, is controlled by Tenant or is under common control with Tenant; (b) assign all or any part of this Lease to any related corporation or other entity which controls Tenant, is controlled by Tenant, or is under common control with Tenant, or to a successor entity into which or with which Tenant is merged or consolidated or which acquires substantially all of Tenant's assets or property; or (c) effectuate any public offering of Tenant's stock; provided that in the event of a transfer pursuant to clause (b), the tangible net worth after any such transaction is not less than the tangible net worth of Tenant as of the date hereof and provided further that such successor entity assumes all of the obligations and liabilities of Tenant (any such entity is hereinafter referred to as a "***Permitted Transferee***"; and any transfer to a Permitted Transferee is hereinafter referred to as a "***Permitted Transfer***"). For the purpose of this Article 11 (i) "control" shall mean ownership of not less than fifty percent (50%) of all voting stock or legal and equitable interest in such corporation or entity, and (ii) "tangible net worth" shall mean the excess of the value of tangible assets (*i.e.*, assets excluding those which are intangible such as goodwill, patents and trademarks) over liabilities. Any such transfer shall not relieve Tenant of its obligations under this Lease. Nothing in this paragraph is intended to nor shall permit Tenant to transfer its interest under this Lease as part of a fraud or subterfuge to intentionally avoid its obligations under this Lease (for example, transferring its interest to a shell corporation that subsequently files a bankruptcy), and any such transfer shall constitute a Default hereunder. A change in control of Tenant resulting from a merger, consolidation, or a transfer of partnership or membership interests, a stock transfer, or any sale of substantially all of the assets of Tenant shall be deemed a Permitted Transfer if the tangible net worth of Tenant after any such transaction is not less than the tangible net worth of Tenant as of the date hereof. Any change of control of Tenant that does not meet the requirements in the preceding sentence shall be deemed an assignment or transfer that requires Landlord's prior written consent pursuant to Section 11.01 above. For purposes of clarification, nothing in this Article 11 restricts Tenant's ability to conduct an IPO, nor shall Landlord have any consent rights with respect thereto.

Section 11.03. Brownfields Notification. In the event Landlord enters into a Brownfields Agreement that encumbers the Leased Premises in accordance with Section 15.06, any sublease or assignment of this Lease by Tenant (each, a "***Transfer Document***") shall contain the following notice: "The property which is the subject of this instrument is subject to the Brownfields Agreement attached as Exhibit A to the Notice of Brownfields Property recorded in the Durham County, North Carolina land records." A copy of the final, executed Transfer Document shall be promptly sent to Landlord and to DEQ's representative as stated in the applicable provisions of the Brownfields Agreement; however, all financial figures may be redacted from DEQ's copy of such instrument.

## ARTICLE 12 - TRANSFERS BY LANDLORD

Section 12.01. Sale of the Building. Landlord shall have the right to sell the Building at any time during the Lease Term, subject only to the rights of Tenant hereunder; and such sale shall operate to release Landlord from liability hereunder after the date of such conveyance.

Section 12.02. Estoppel Certificate. Within ten (10) business days following receipt of a written request from Landlord, Tenant shall execute and deliver to Landlord, without cost to Landlord, an estoppel certificate in such form as Landlord may reasonably request certifying (a) that this Lease is in full force and effect and unmodified or stating the nature of any modification, (b) the date to which rent has been paid, (c) that there are not, to Tenant's knowledge, any uncured defaults or specifying such defaults if any are claimed, and (d) any other matters or state of facts reasonably required respecting the Lease. Such estoppel may be relied upon by Landlord and by any purchaser or mortgagee of the Building. Except in the instance of a Default by Tenant, a sale of the Building (or ten percent (10%) or more of any direct or indirect interest therein) or a financing or refinancing of the Building, Landlord shall not request an estoppel certificate from Tenant more than twice in any twelve (12) month period.

Section 12.03. Subordination. This Lease is and shall be expressly subject and subordinate at all times to the lien of any present or future mortgage or deed of trust encumbering fee title to the Leased Premises. If any such mortgage or deed of trust be foreclosed, upon request of the mortgagee or beneficiary, as the case may be, Tenant will attorn to the purchaser at the foreclosure sale. The foregoing provisions are declared to be self-operative and no further instruments shall be required to effect such subordination and/or attornment; provided, however, that subordination of this Lease to any present or future mortgage or trust deed shall be conditioned upon the mortgagee, beneficiary, or purchaser at foreclosure, as the case may be, agreeing that Tenant's occupancy of the Leased Premises and other rights under this Lease shall not be disturbed by reason of the foreclosure of such mortgage or trust deed, as the case may be, so long as Tenant is not in Default under this Lease. Within ten business days following receipt of a written request from Landlord, Tenant shall execute and deliver to Landlord, without cost, any customary instrument reasonably acceptable to Tenant that Landlord deems reasonably necessary or desirable to confirm the subordination of this Lease. Prior to or promptly following the execution of this Lease, Landlord shall use commercially reasonable efforts to cause the current mortgagee relative to the Leased Premises to execute and deliver a subordination, non-disturbance and attornment agreement in a form acceptable to Tenant in its commercially reasonable discretion, and upon the agreement as to such form it shall

be attached hereto as **Exhibit F** (the "***SNDA***"); provided, however, Tenant shall be responsible, at Tenant's expense, for recording such SNDA in the appropriate real estate records (unless Landlord's lender requires recordation (in which case the expense of recording shall be a Landlord expense)) and, if requested by Landlord, terminating such SNDA of record upon the expiration or earlier termination of this Lease; and provided, further, that if Landlord, Tenant, and Landlord's lender are unable to agree on an SNDA form after good faith negotiations, it shall not be a default by either party hereunder.

## ARTICLE 13 - DEFAULT AND REMEDY

Section 13.01. Default. The occurrence of any of the following shall be a "***Default***":

(a) Tenant fails to pay any Monthly Rental Installments or Additional Rent within five (5) days after the same is due; provided, however, relative to the first (1st) failure to timely pay such sums in any twelve (12) month period, Tenant shall not be in Default if Tenant makes full payment within five (5) days after receipt of written notice of such delinquency (*i.e.*, Landlord shall not be required to provide written notice of delinquency more than one (1) time in any twelve (12) month period during the Lease Term).

(b) Tenant fails to perform or observe any other term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Landlord; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required to cure, then such default shall be deemed to have been cured if Tenant commences such performance within said thirty (30) day period and thereafter diligently completes the required action within a reasonable time.

(c) Tenant shall abandon the Leased Premises the Leased Premises for a period of thirty (30) days; provided, however, Tenant shall not be in Default under this Section 13.01(c) if Tenant provides reasonably satisfactory assurances of Tenant's financial condition and solvency within ten (10) business days after Landlord's written request for such assurances and continues to pay Rent and perform its maintenance obligations hereunder.

(d) Tenant shall assign or sublet all or a portion of the Leased Premises in contravention of the provisions of Article 11 of this Lease.

(e) All or substantially all of Tenant's assets in the Leased Premises or Tenant's interest in this Lease are attached or levied under execution (and Tenant does not discharge the same within sixty (60) days thereafter); a petition in bankruptcy, insolvency or for reorganization or arrangement is filed by or against Tenant (and Tenant fails to secure a stay or discharge thereof within sixty (60) days thereafter); Tenant is insolvent and unable to pay its debts as they become due; Tenant makes a general assignment for the benefit of creditors; Tenant takes the benefit of any insolvency action or law; the appointment of a receiver or trustee in bankruptcy for Tenant or its assets if such receivership has not been vacated or set aside within thirty (30) days thereafter; or, dissolution or other termination of Tenant's corporate charter if Tenant is a corporation.

In addition to the Defaults described above, the parties agree that if Tenant receives written notice of a violation of the performance of any (but not necessarily the same) term or condition of this Lease three (3) or more times during any twelve (12) month period, regardless of whether such violations are ultimately cured, then such conduct shall, at Landlord's option, represent a separate Default.

Section 13.02. Remedies. Upon the occurrence and during the continuance of any Default, in accordance with Applicable Laws Landlord shall have the following rights and remedies, in addition to those stated elsewhere in this Lease and those allowed by law or in equity, any one or more of which may be exercised without further notice to Tenant:

(a) Landlord may re-enter the Leased Premises and cure any Default of Tenant, and Tenant shall reimburse Landlord as Additional Rent for any costs and expenses that Landlord thereby incurs; and Landlord shall not be liable to Tenant for any loss or damage that Tenant may sustain by reason of Landlord's action.

(b) Landlord may terminate this Lease by giving Tenant notice of termination, in which event this Lease shall expire and terminate on the date specified in such notice of termination and all rights of Tenant under this Lease and in and to the Leased Premises shall terminate. Tenant shall remain liable for all obligations under this Lease arising up to the date of such termination, and Tenant shall surrender the Leased Premises to Landlord on the date specified in such notice. Furthermore, Tenant shall be liable to Landlord for the unamortized balance of any leasehold improvement allowance and brokerage fees paid in connection with the Lease.

(c) Without terminating this Lease, Landlord may terminate Tenant's right to possession of the Leased Premises, and thereafter, neither Tenant nor any person claiming under or through Tenant shall be entitled to possession of the Leased Premises. In such event, Tenant shall immediately surrender the Leased Premises to Landlord. Upon termination of possession, Landlord may re-let all or any part of the Leased Premises as the agent of Tenant for a term different from that which would otherwise have constituted the balance of the Lease Term and for rent and on terms and conditions different from those contained herein, whereupon Tenant shall be immediately obligated to pay to Landlord an amount equal to (i) the excess, if any, discounted at the ten-year treasury rate, of the rent provided for herein less the rent provided for in any lease covering a subsequent re-letting of the Leased Premises, for the period which would otherwise have constituted the balance of the Lease Term had this Lease not been terminated (said period being referred to herein as the "***Remaining Term***"), (ii) the costs of recovering possession of the Leased Premises and all other expenses, loss or damage incurred by Landlord by reason of Tenant's Default ("***Default Damages***"), which shall include, without limitation, expenses of preparing the Leased Premises for re-letting, demolition, repairs, tenant finish improvements, brokers' commissions and attorneys' fees, and (iii) all unpaid Minimum Annual Rent and Additional Rent that accrued prior to the date of termination of possession, plus any interest and late fees due hereunder (the "***Prior Obligations***"). Neither the filing of any dispossessory proceeding nor an eviction of personalty in the Leased Premises shall be deemed to terminate the Lease.

(d) Landlord may terminate this Lease and recover from Tenant all damages Landlord may incur by reason of Tenant's Default, including, without limitation, an amount which, at the date of such termination is equal to the sum of the following: (i) the value of the

excess, if any, discounted at the ten-year treasury rate, of (A) the Minimum Annual Rent, Additional Rent and all other sums that would have been payable hereunder by Tenant for the Remaining Term, less (B) the aggregate reasonable rental value of the Leased Premises for the Remaining Term, as determined by a real estate broker licensed in the State of North Carolina who has at least ten (10) years of experience, (ii) all of Landlord's Default Damages, and (iii) all Prior Obligations. Landlord and Tenant acknowledge and agree that the payment of the amount set forth in clause (i) above shall not be deemed a penalty, but shall merely constitute payment of liquidated damages, it being understood that actual damages to Landlord are extremely difficult, if not impossible, to ascertain. It is expressly agreed and understood that all of Tenant's liabilities and obligations set forth in this subsection (d) shall survive termination.

(e) With or without terminating this Lease, declare immediately due and payable the sum of the following: (i) the present value, discounted at the ten-year treasury rate, of all Minimum Annual Rent and Additional Rent due and coming due under this Lease for the entire Remaining Term (as if by the terms of this Lease they were payable in advance), (ii) all Default Damages, and (iii) all Prior Obligations, whereupon Tenant shall be obligated to pay the same to Landlord; provided, however, that such payment shall not be deemed a penalty or liquidated damages, but shall merely constitute payment in advance of all Minimum Annual Rent and Additional Rent payable hereunder throughout the Remaining Term, and provided further, however, that upon Landlord receiving such payment, Tenant shall be entitled to receive from Landlord all rents received by Landlord from other assignees, tenants and subtenants on account of said Leased Premises during the Remaining Term (but only to the extent that the monies to which Tenant shall so become entitled do not exceed the entire amount actually paid by Tenant to Landlord pursuant to this subsection (e)), less all Default Damages of Landlord incurred but not yet reimbursed by Tenant.

(f) Landlord may sue for injunctive relief or to recover damages for any loss resulting from the Default.

(g) If Landlord has terminated this Lease or Tenant's right to possession, Landlord agrees to use commercially reasonable efforts to mitigate its damages, to the extent required by Applicable Laws. Subject to such Applicable Laws, Landlord shall be required to use only reasonable efforts to mitigate, which shall not exceed such efforts as Landlord generally uses to lease other space in the Building and the Park, and Landlord will not be deemed to have failed to mitigate if Landlord leases any other portions of the Building before re-letting all or any portion of the Leased Premises. Tenant shall bear the burden of proof that Landlord failed to mitigate.

Section 13.03. Landlord's Default and Tenant's Remedies. Except with respect to Landlord's obligations in Section 2.02 (for which any cure period and Tenant remedies are set forth therein), Landlord shall be in default if it fails to perform any term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Tenant to Landlord; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is such that it cannot reasonably be performed within thirty (30) days, such default shall be deemed to have been cured if Landlord commences such performance within said thirty-day period and thereafter diligently undertakes to complete the same. Upon the occurrence of any such default, Tenant may sue for injunctive relief or to recover damages for any loss directly resulting from the breach, but Tenant shall not be entitled to terminate this Lease or withhold, offset or abate any sums due hereunder. In no event, however, shall Landlord be liable to Tenant for any consequential or punitive damages.

Section 13.04. Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) SHALL BE LIMITED TO LANDLORD'S (AND ANY SUCCESSOR TO LANDLORD) INTEREST IN THE PARK. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE PARK FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD OR ANY LANDLORD RELATED PARTY. NEITHER LANDLORD NOR ANY LANDLORD RELATED PARTY SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY, AND IN NO EVENT SHALL LANDLORD OR ANY LANDLORD RELATED PARTY BE LIABLE TO TENANT FOR ANY LOST PROFIT, DAMAGE TO OR LOSS OF BUSINESS OR ANY FORM OF SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGE. TO THE EXTENT THAT TENANT HAS BEEN PROVIDED WITH THE NECESSARY INFORMATION, BEFORE FILING SUIT FOR AN ALLEGED DEFAULT BY LANDLORD, TENANT SHALL GIVE LANDLORD AND THE MORTGAGEE(S) WHOM TENANT HAS BEEN NOTIFIED HOLD MORTGAGES NOTICE AND REASONABLE TIME TO CURE THE ALLEGED DEFAULT, SUBJECT TO THE TERMS OF ANY SNDA EXECUTED PURSUANT TO SECTION 12.03. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, NEITHER TENANT NOR ITS OWNERS, OFFICERS, SHAREHOLDERS, DIRECTORS, AGENTS, EMPLOYEES, OR REPRESENTATIVES (THE "***TENANT RELATED PARTIES***") SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY, AND IN NO EVENT SHALL LANDLORD OR ANY TENANT RELATED PARTY BE LIABLE TO LANDLORD FOR ANY LOST PROFIT, DAMAGE TO OR LOSS OF BUSINESS OR ANY FORM OF SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGE.

Section 13.05. Nonwaiver of Defaults. Neither party's failure nor delay in exercising any of its rights or remedies or other provisions of this Lease shall constitute a waiver thereof or affect its right thereafter to exercise or enforce such right or remedy or other provision. No waiver of any default shall be deemed to be a waiver of any other default. Landlord's receipt of less than the full rent due shall not be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction. No act or omission by Landlord or its employees or agents during the Lease Term shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

Section 13.06. Attorneys' Fees. If either party defaults in the performance or observance of any of the terms, conditions, covenants or obligations contained in this Lease and the non- defaulting party obtains a judgment against the defaulting party, then the defaulting party agrees to reimburse the non-defaulting party for reasonable attorneys' fees incurred in connection therewith. In addition, if a monetary Default shall occur and Landlord engages outside counsel to exercise its remedies hereunder, and then Tenant cures such monetary Default, Tenant shall pay to Landlord, on demand, all expenses incurred by Landlord as a result thereof, including reasonable attorneys' fees, court costs and expenses actually incurred.

**ARTICLE 14 - INTENTIONALLY DELETED**

**ARTICLE 15 - TENANT'S RESPONSIBILITY REGARDING ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES**

Section 15.01. Environmental Definitions.

(a) "***Environmental Laws***" shall mean all present or future federal, state and municipal laws, ordinances, rules and regulations applicable to the environmental and ecological condition of the Leased Premises, and the rules and regulations of the Federal Environmental Protection Agency and any other federal, state or municipal agency or governmental board or entity having jurisdiction over the environmental and ecological condition of the Leased Premises.

(b) "***Hazardous Substances***" shall mean those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances" "solid waste" or "infectious waste" under Environmental Laws and petroleum products.

Section 15.02. Restrictions on Tenant. Tenant shall not cause or permit the use, generation, release, manufacture, refining, production, processing, storage or disposal of any Hazardous Substances on, under or about the Leased Premises, or the transportation to or from the Leased Premises of any Hazardous Substances, except as necessary and appropriate for its Permitted Use in which case the use, storage or disposal of such Hazardous Substances shall be performed in compliance with the Applicable Laws (including all Environmental Laws). Notwithstanding the foregoing, it is understood that Tenant's use of the Leased Premises for operation of laboratory and research may result in the generation of "medical waste" as defined in North Carolina General Statutes ("***G.S.***") §130A-290(a)(18). Tenant's generation of medical waste shall not constitute a violation of this Lease so long as the medical waste generated by Tenant is consistent with the medical waste generated by similar laboratory and research facilities, and Tenant complies with all applicable legal requirements with respect to the collection, storage and disposal of all waste generated by Tenant, including without limitation the requirements of G.S. §130A-309.26, and the regulations issued thereunder at 15A NCAC 13B .1201-.1207, both as amended and supplemented from time to time.

Section 15.03. Notices, Affidavits, Etc. Tenant shall promptly (a) notify Landlord of (i) any violation by Tenant, its employees, agents, representatives, customers, invitees or contractors of any Environmental Laws on, under or about the Leased Premises, or (ii) the presence or suspected presence of any Hazardous Substances on, under or about the Leased Premises, and (b) deliver to Landlord a copy of any notice received by Tenant relating to (a)(i) and (a)(ii) above from any source. Tenant shall execute affidavits, representations and the like within ten (10) business days of Landlord's request therefor concerning Tenant's best knowledge and belief regarding the presence of any Hazardous Substances on, under or about the Leased Premises.

Section 15.04. Indemnification. Prior to its execution and delivery of the Lease, Tenant has obtained, at Landlord's cost, (i) a Phase I environmental report from WithersRavenel dated May 29, 2020, and (i) the results of interior air sampling by Mid-Atlantic Associates, Inc., Analytical Report No. 0520-176. Tenant shall indemnify Landlord and Landlord's managing

agent from any and all claims, losses, liabilities, costs, expenses and damages, including attorneys' fees, costs of testing and remediation costs, incurred by Landlord in connection with any breach by Tenant of its obligations under this Article 15. Landlord shall indemnify, defend and hold harmless Tenant and the Tenant Related Parties from any and all claims, losses, liabilities, costs, expenses and damages, including attorneys' fees, costs of investigation, testing and remediation costs, incurred by any of them in connection with the environmental condition of the Building and Park as of the Commencement Date and/or incurred with respect to any (i) testing, remediation or investigations associated with, or (ii) land use and operations restrictions arising from, Landlord's application for, grant of, or outcome of the Brownfields Agreement and LURs (whether known or unknown as of the Commencement Date, but excluding any claims relating to any component of the Brownfields Agreement and/or LURs that are approved in writing by Tenant), including any such conditions discovered during any investigation, remediation and removal of any Hazardous Substances required by any Brownfields Agreement or related documentation; provided, however, that the foregoing indemnity is not intended to cover any speculative lost profits or "diminution in value" claims. The covenants and obligations under this Article 15 shall survive the expiration or earlier termination of this Lease.

Section 15.05. Existing Conditions. Notwithstanding anything contained in this Article 15 to the contrary, Tenant shall not have any liability to Landlord under this Article 15 resulting from (i) any conditions existing, or events occurring, or any Hazardous Substances existing or generated, at, in, on, under or in connection with the Leased Premises prior to the Commencement Date of this Lease (or any earlier occupancy of the Leased Premises by Tenant), nor (ii) any Hazardous Substances on or about the Leased Premises or the Park which were not created or introduced to the Property by Tenant, except to the extent Tenant exacerbates the same. Landlord shall be responsible for remediating or removing any Hazardous Substances within the Building and the portions of the Park owned by Landlord that were present as of the Commencement Date, to the extent required by Environmental Laws, and for investigating, remediating and removing any Hazardous Substances identified in connection with Landlord's entry into the Brownfields Agreement and any related documentation, unless created or introduced to the Property by Tenant.

Section 15.06. Landlord's Environmental Representation. Landlord represents to Tenant that, to Landlord's current, actual knowledge, as of the date of this Lease, without further inquiry, there are no Hazardous Substances in or about the Building or the Leased Premises in violation of applicable Environmental Laws.

(a) Brownfields Property. As noted above, Tenant acknowledges that the Park (or applicable portions thereof, which may include the Building) either has been or may be (provided Landlord is successful in such efforts to achieve such classification) classified as a "Brownfields Property" under the Brownfields Act. If such efforts of Landlord are successful, Landlord shall enter into a Notice of Brownfields Property, a Brownfields Plat and a Brownfields Agreement (collectively and individually, each document referred to as the "***Brownfields Agreement***") with the North Carolina Department of Environmental Quality ("***DEQ***") pursuant to the Brownfields Act, and such documents shall be recorded in the Registry. The Brownfields Agreement will place obligations on Landlord and future owners and users with respect to the Park and will place land use restrictions ("***LURs***") in the chain of title for the Park.

Notwithstanding anything to the contrary in this Lease, Tenant and the Tenant Related Parties shall comply with the LURs, and Tenant and all Tenant-Related Parties shall also comply with obligations in the Brownfields Agreement applicable to such parties, in each case so long as such LURs and Brownfields Agreement (i) do not materially interfere with Tenant's business, or Tenant's access to or use of the Leased Premises, nor (ii) result in any out-of-pocket expenses to Tenant. Promptly after becoming aware thereof, Tenant agrees to give Landlord written notice of any violation of the LURs or the Brownfields Agreement by Tenant or any Tenant-Related Party. Subject to the restrictions on the LURs and Brownfields Agreement above in this paragraph, neither Tenant nor any Tenant-Related Party shall seek any waiver or exemption from DEQ with respect to the LURs or any other provision in the Brownfields Agreement, without first acquiring written permission from Landlord regarding same, such permission to be in Landlord's reasonable discretion. Tenant acknowledges that on the Commencement Date and annually during the Lease Term thereafter, Landlord will be obligated to provide a written certification to DEQ (i) detailing any violation of the LURs or the Brownfields Agreement at the Park (or expressly stating that no such violation(s) has/have occurred during the period covered by the statement); and (ii) providing a list of all chemicals and Hazardous Substances used or permitted at the Park (excepting *de minimis* amounts of such chemicals or materials used for cleaning and other routine office use and janitorial and housekeeping purposes). Tenant shall reasonably cooperate with Landlord's certification, including providing a list to Landlord of all Hazardous Substances used by Tenant at the Leased Premises and confirming to Landlord whether to Tenant's knowledge any violation of the LURs have occurred by Tenant or any Tenant-Related Party provided that such cooperation is at no cost to Tenant and does not materially increase Tenant's obligations under this Lease. Tenant shall provide DEQ, its authorized officers, employees, representatives and all other persons performing assessment, response or remediation activities under DEQ's oversight, access to the Leased Premises as DEQ determines is reasonably necessary, such access to be in accordance with Section 5.03. Tenant agrees to cooperate, at no cost to Tenant, with any such activities at the Leased Premises by DEQ and Tenant agrees not to interfere with such activities provided that such activities do not materially interfere with Tenant's business, nor Tenant's access to or use of the Leased Premises. Tenant consents to Landlord's delivery of a redacted copy of this Lease and any amendments thereto, in each case upon review and reasonable approval by Tenant, to DEQ as required by Applicable Law.

## ARTICLE 16 - MISCELLANEOUS

Section 16.01. Benefit of Landlord and Tenant. This Lease shall inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and assigns.

Section 16.02. Governing Law. This Lease shall be governed in accordance with the laws of the State of North Carolina.

Section 16.03. Force Majeure. Landlord and Tenant (except with respect to the payment of any monetary obligation) shall be excused for the period of any delay in the performance of any obligation hereunder when such delay is occasioned by causes beyond its control, including but not limited to general work stoppages, boycotts, slowdowns or strikes; shortages or unavailability of materials, equipment, labor or energy; unusual weather conditions (taking into

account typical weather events in the area); acts or omissions of governmental or political bodies not requested or lobbied for by the claiming party; and public health issues, including epidemics and pandemics that result in restrictions on activities (collectively, "***Force Majeure Matters***"). For purposes of the foregoing, Landlord and Tenant acknowledge and agree that any delays in Landlord's ability to construct the Shell Improvements and the Additional Improvements within the time frames contemplated by this Lease resulting from the novel coronavirus (COVID-19) pandemic, including any resulting inability to acquire materials, equipment, labor, permitting, inspections, materials or approvals, shall constitute Force Majeure Matters. The party claiming a Force Majeure Matter shall provide written notice to the other party promptly after commencement or discovery of delays resulting from a Force Majeure Matter, and thereafter shall provide the non-claiming party with updates as to the claimed delays upon reasonable request, until the cessation of the delays resulting from such Force Majeure Matter.

Section 16.04. Examination of Lease. Submission of this instrument by Landlord to Tenant for examination or signature does not constitute an offer by Landlord to lease the Leased Premises. This Lease shall become effective, if at all, only upon the execution by and delivery to both Landlord and Tenant. Execution and delivery of this Lease by Tenant to Landlord constitutes an offer to lease the Leased Premises on the terms contained herein. The offer by Tenant will be irrevocable until 6:00 p.m. EST, two (2) business days after the date Landlord receives the Lease executed by Tenant.

Section 16.05. Indemnification for Leasing Commissions. The parties hereby represent and warrant that the only real estate brokers involved in the negotiation and execution of this Lease are the Brokers and that no other party is entitled, as a result of the actions of the respective party, to a commission or other fee resulting from the execution of this Lease. Each party shall indemnify the other from any and all liability for the breach of this representation and warranty on its part and shall pay any compensation to any other broker or person who may be entitled thereto. Landlord shall pay any commissions due Brokers based on this Lease pursuant to separate agreements between Landlord and Brokers.

Section 16.06. Notices. Any notice required or permitted to be given under this Lease or by law shall be deemed to have been given if it is written and delivered (i) in person during normal business hours on a business day; (ii) by overnight courier or mailed by certified mail, postage prepaid, to the party who is to receive such notice at the address specified in Section 1.01(l), or (iii) by email to the party who is to receive such notice at the email address specified in Section 1.01(l). If sent by overnight courier, the notice shall be deemed to have been given one (1) business day after sending. If mailed, the notice shall be deemed to have been given on the date that is three (3) business days following mailing. If sent by email, the notice shall be deemed to have been given when sent, if sent prior to 5:00 p.m. at the recipient's time on a business day, and otherwise at 9:00 a.m. at the recipient's time on the next business day, provided that any notice sent by email shall also be sent by one of the other methods. Either party may change its address by giving written notice thereof to the other party.

Section 16.07. Partial Invalidity; Complete Agreement. If any provision of this Lease shall be held to be invalid, void or unenforceable, then to the largest extent practicable the remaining provisions shall remain in full force and effect. This Lease represents the entire

agreement between Landlord and Tenant covering everything agreed upon or understood in this transaction. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof or in effect between the parties. No change or addition shall be made to this Lease except by a written agreement executed by Landlord and Tenant.

Section 16.08. Financial Statements. During the Lease Term and any extensions thereof, Tenant shall provide to Landlord, within thirty (30) days following Landlord's written request therefor (such requests shall not be made more than one (1) time in any calendar year, unless in connection with a sale or financing transaction relative to the Building or any interest of Landlord therein), a copy of Tenant's most recent audited annual financial statements. Prior to an IPO, such financial statements shall be signed by Tenant or an officer of Tenant, if applicable, who shall attest to the truth and accuracy of the information set forth in such statements.

Section 16.09. Representations and Warranties.

(a) Tenant hereby represents and warrants that (i) Tenant is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Tenant is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Lease on behalf of Tenant has been properly authorized to do so, and such execution and delivery shall bind Tenant to its terms.

(b) Landlord hereby represents and warrants that (i) Landlord is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Landlord is authorized to do business in the State where the Building is located; (iii) the individual(s) executing and delivering this Lease on behalf of Landlord has been properly authorized to do so, and such execution and delivery shall bind Landlord to its terms; (iv) Landlord is party to an existing loan agreement or credit line sufficient, when combined with obligatory capital contribution commitments from direct or indirect owners of Landlord, sufficient to allow Landlord to timely construct and complete Landlord's Work; (v) as of the Lease Date, Landlord has not contacted or corresponded with any third party with respect to the marketing or sale of the Building or the Park; (vi) Landlord has no knowledge or notice of any default, whether by Landlord or any other party, under the RTP Covenants with respect to the Park, and, to the best of Landlord's knowledge, all amounts owed by Landlord thereunder (if any) have been paid in full, and (vii) upon Substantial Completion thereof the Shell Improvements will comply with all Applicable Laws, including without limitation, any necessary upgrades to the base building improvements required to bring same into compliance with applicable fire codes as a result of the construction of the Shell Improvements.

Section 16.10. Signage. Tenant, at its cost and expense, shall be entitled to install Tenant identification signage at the entrance to the Leased Premises, subject to Landlord's approval, not to be unreasonably withheld, conditioned or delayed. Landlord may install such other signs, advertisements, notices or tenant identification information on the Building, tenant access doors or other areas of the Building, as it shall deem necessary or proper. Tenant shall not place any exterior signs on the Leased Premises or interior signs visible from the exterior of the Leased Premises without the prior written consent of Landlord. Notwithstanding any other provision of this Lease to the contrary, Landlord may immediately remove any sign(s) placed by Tenant in violation of this Section 16.10.

For so long as the Tenant originally named herein (or a Permitted Transferee) is leasing at least sixty percent (60%) of the Rentable Area of the Leased Premises, Tenant shall be entitled, at Tenant's expense, to install Tenant's name in two (2) locations on the parapet of the Building, with one such location being depicted on **Exhibit I** and the second subject to mutual agreement of Landlord and Tenant; provided, however (i) any such signage installed by Tenant shall be installed in accordance with the Building standard criteria, the RTP Covenants, all Applicable Laws and all ordinances and regulations applicable to the Building, and except as depicted on **Exhibit I** shall be subject to Landlord's prior written approval as to its location, size, configuration, lettering, content and method of attachment, such approval not to be unreasonably withheld, conditioned or delayed; (ii) upon the expiration or earlier termination of the Lease Term Tenant shall be required, at Tenant's expense, to remove any such signage and repair any damage caused by such removal (which obligations shall survive the expiration or earlier termination of this Lease); and (iii) Tenant shall not be entitled to grant or assign to any third party (other than a Permitted Transferee of Tenant's rights under this Lease or other assignee or sublessee approved by Landlord in accordance with Article 11) the right to install such signage without Landlord's prior written consent (which consent may be granted or withheld in Landlord's discretion).

Tenant shall be entitled, at Tenant's expense, to install Tenant's name and logo (in color) in the top position on each current or future general tenant identification monument sign located within the Park along Highway 54, with the logo in the form shown in **Exhibit I** being hereby approved by Landlord; provided, however (i) any such signage installed by Tenant shall be installed in accordance with the Building standard criteria, the RTP Covenants, all Applicable Laws and all ordinances and regulations applicable to the Building, and shall be subject to Landlord's prior written approval as to its location, size, configuration, lettering, content and method of attachment, such approval not to be unreasonably withheld, conditioned or delayed; (ii) upon the expiration or earlier termination of the Lease Term Tenant shall be required, at Tenant's expense, to remove any such signage and repair any damage caused by such removal (which obligations shall survive the expiration or earlier termination of this Lease); (iii) Tenant shall not be entitled to grant or assign to any third party (other than a Permitted Transferee of Tenant's rights under this Lease or other assignee or sublessee approved by Landlord in accordance with Article 11) the right to install such signage without Landlord's prior written consent (which consent may be granted or withheld in Landlord's discretion); and (iv) Landlord reserves the right to install the names of other tenants within the Park on all such monument signage, so long as the same are in a lower or equal vertical position. In addition to the monument sign, Landlord will install and maintain at Landlord's cost and expense (as an Operating Expense) wayfaring signage throughout the Park as reasonably determined by Landlord.

Section 16.11. Parking. Tenant shall be entitled to the non-exclusive use of a minimum of three and 5/10ths (3.5) parking spaces for each one thousand (1,000) square feet of Rentable Area of the Leased Premises ("***Tenant's Parking Allocation***"), in the area designated for the Building by Landlord. Tenant agrees to cooperate with Landlord and other tenants in the use of

the parking facilities. In the event Tenant is determined to be overburdening the parking facilities, Landlord shall be entitled (but not required) to monitor or restrict use of the parking facilities at Tenant's expense. If any other tenant or third party inhibits Tenant's utilization of Tenant's Parking Allocation, Landlord will take all actions reasonably necessary to protect Tenant's parking rights, at Landlord's cost and expense. There will be no assigned parking unless Landlord, in its sole discretion, deems such assigned parking advisable. No vehicle may be repaired or serviced in the parking area and any vehicle brought into the parking area by Tenant, or any of Tenant's employees, contractors or invitees, and deemed abandoned by Landlord will be towed and all costs thereof shall be borne by the Tenant. All driveways, ingress and egress, and all parking spaces are for the joint use of all tenants. There shall be no parking permitted on any of the streets or roadways located within the Park. In addition, Tenant agrees that its employees will not park in the spaces designated visitor parking. Tenant shall have twenty (20) dedicated visitor parking stalls (with visitor markings to be installed by Tenant, at Tenant's cost, subject to Landlord's reasonable approval), to be closest to the main entrance of the Building. These exclusive visitor stalls will be included in tenant's parking allocation.

Section 16.12. Electric Vehicles. As part of Landlord's Work, Landlord will install at least ten (10) Electric Vehicle Charging Stations ("***EV Stations***") in the parking areas located near the Building and such EV Stations shall be available on a non-exclusive, first come basis to tenants and occupants of the Park. In addition, Tenant shall have the right to install additional EV Stations (which may be installed as part of the Tenant Improvements) at Tenant's cost and expense; provided, no such installation shall result in any decrease in the number of parking spaces within the parking areas serving the Building or alter the configuration or use of the existing driveways and drive aisles located within such parking areas. Any and all such installations by Tenant shall be made pursuant to plans and specifications approved in advance in writing by Landlord, not to be unreasonably withheld, conditioned or delayed, and otherwise in accordance with the requirements of this Lease. Tenant shall have the right, at its sole cost and expense, to post signage at the location indicating the EV Stations installed by Tenant are exclusively for use by Tenant's employees (provided, Landlord shall not be liable for any unpermissive violation of such exclusivity by third parties). Landlord shall keep all such EV Stations installed by Landlord in good working order and repair and the cost of all maintenance, repair, replacement and utility expenses associated with the ongoing operation of such EV Stations shall be included in Operating Expenses. Tenant shall keep all such EV Stations installed by Tenant in good working order and repair and shall be solely responsible for all maintenance, repair, replacement and utility expenses associated with the ongoing operation of such EV Stations.

Section 16.13. Time. Time is of the essence of each term and provision of this Lease.

Section 16.14. Patriot Act. Each of Landlord and Tenant, each as to itself; hereby represents its compliance and its agreement to continue to comply with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act, and the laws administered by the United States Treasury Department's Office of Foreign Assets Control, including, without limitation, Executive Order 13224 (the "***Executive Order***"). Each of Landlord and Tenant further represents (such representation to be true throughout the Lease Term) (i) that it is not, and it is not owned or controlled directly or indirectly by any person or entity, on the SDN List published

by the United States Treasury Department's Office of Foreign Assets Control and (ii) that it is not a person otherwise identified by government or legal authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of the Executive Order are published under the internet website address www.ustreas.gov/offices/enforcement/ofac. The provisions of this Section 16.14 shall survive the expiration or earlier termination of this Lease.

Section 16.15. Intentionally Omitted.

Section 16.16. Option to Renew.

(a) Provided that (i) this Lease is in full force and effect as of the date of the Renewal Notice (as defined below) and as of the originally scheduled expiration of the Lease Term; (ii) Tenant is not then in Default under this Lease as of the dates referred to in clause (i) above; and (iii) Tenant has been continuously operating in the Leased Premises throughout the Lease Term and has not assigned this Lease or sublet more than sixty percent (60%) of the Leased Premises (other than to a Permitted Transferee), Tenant shall have three (3) separate options to extend the Lease Term for the entire Leased Premises, each for a period of five (5) years (each, a "***Renewal Term***", and collectively, the "***Renewal Terms***") commencing on the date immediately following the expiration of the initial Lease Term (or the previous Renewal Term, as applicable). Tenant may exercise each such option by delivering written notice (a "***Renewal Notice***") to Landlord not less than twelve (12) months prior to (but not more than twenty-four (24) months prior to) the expiration of the initial Lease Term (or the expiring Renewal Term, as applicable). Each Renewal Term, if properly exercised by Tenant as set forth herein, shall constitute an extension of the Lease Term and shall be upon all of the same terms and conditions then in effect under this Lease, except that (i) there shall be no further option to renew or extend the Lease Term during the third Renewal Term, and (ii) Minimum Annual Rent for each Renewal Term shall be payable at a rate per annum equal to the Fair Market Rental (as defined below) for the Leased Premises for the applicable Renewal Term. If Tenant shall duly and timely exercise one of Tenant's rights to extend the Lease Term for a Renewal Term pursuant to the terms hereof, all of the applicable references in this Lease to the Lease Term shall be deemed to include such Renewal Term. During each Renewal Term, Tenant shall continue to pay Tenant's Proportionate Share of Operating Expenses without interruption unless otherwise agreed to by Landlord and Tenant in writing.

(b) If Tenant shall timely deliver a Renewal Notice to Landlord, then not later than twenty (20) days after the date such Renewal Notice is delivered, Landlord shall notify Tenant of Landlord's determination of the Fair Market Rental for the applicable Renewal Term. For purposes of the foregoing, the "***Fair Market Rental***" shall be the rental rate charged for leased premises of comparable size and condition as the Leased Premises in the Research Triangle Park office and research and development market, taking into consideration the location and quality of the Building, term of lease, and any material economic differences between the terms of this Lease and the terms of any comparable lease (including abatement periods, tenant improvement or refurbishment allowances, architectural fees, brokerage commissions and any other relevant cash and non-cash incentives, inducements, concessions and other relevant factors). If Tenant delivers to Landlord a written objection to Landlord's calculation of the Fair Market Rental

within ten (10) business days after Tenant's receipt of Landlord's determination of the Fair Market Rental, then the parties shall meet and confer in good faith (which such meeting may be telephonic or electronic) and if the parties cannot agree on the Fair Market Rental within twenty (20) days after Tenant's written objection, then Tenant may retract its exercise of its option to extend at no cost to Tenant, or Tenant may choose arbitration to determine the Fair Market Rental. If Tenant chooses arbitration, Tenant shall give Landlord written notice of its desire to seek arbitration within five (5) business days after expiration of such twenty (20) day period ("***Arbitration Notice***"). Within ten (10) days after Tenant provides Landlord with its Arbitration Notice, the parties shall each appoint an appraiser to determine the Fair Market Rental for the Leased Premises during the applicable Renewal Term. Each appraiser so selected shall be an MAI appraiser or a licensed real estate broker, each having at least ten (10) years prior experience in the appraisal or leasing of comparable space in the metropolitan area in which the Leased Premises are located and with a working knowledge of current rental rates and practices. If the two appraisers cannot agree upon the Fair Market Rental for the Leased Premises within twenty (20) days after their appointment, then, within five (5) business days after the expiration of such twenty (20) day period, the two appraisers shall select a third appraiser meeting the above criteria. Once the third appraiser has been selected as provided for above, each of the initial appraisers shall deliver its determination of the Fair Market Rental to the third appraiser, and such third appraiser shall within ten (10) business days after its appointment select the determination made by one of the initial two appraisers that most closely approximates the third appraiser's own determination of the Fair Market Rental. The determination of the Fair Market Rental selected by the third appraiser shall be used as the Minimum Annual Rent for the applicable Renewal Term and shall be binding on both Landlord and Tenant. Landlord and Tenant shall each bear the cost of its appraiser and shall share the cost of the third. If Tenant delivers a written objection to Landlord's calculation of the Fair Market Rental within the 10-business day time period referenced above but fails to provide the Arbitration Notice as provided above, then Tenant's exercise of its option to extend shall be deemed retracted.

(c) Following the determination of Fair Market Rental, Landlord and Tenant will mutually execute, acknowledge and deliver an amendment to this Lease setting forth the Minimum Annual Rent for the applicable Renewal Term, the applicable Renewal Term commencement date, and the new expiration of the Lease Term; provided, the failure of either party to execute and deliver such an amendment shall not affect the rights or the parties under this Lease relating to such Renewal Term.

(d) Tenant's right to extend the Lease Term for any remaining Renewal Terms shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the termination of this Lease by Landlord or pursuant to this Lease or Applicable Law, (ii) the termination or surrender of Tenant's right to possession of the Leased Premises or any portion thereof, (iii) the failure of Tenant to timely and properly deliver a Renewal Notice to Landlord, or (iv) the expiration of the third (3rd) Renewal Term.

Section 16.17. Grid Expansion Right. Provided that (i) Tenant is not then in Default under this Lease, and (ii) Tenant has not assigned this Lease or sublet more than sixty percent (60%) of the Leased Premises for the entire remaining term (other than to a Permitted Transferee), Tenant shall, during the initial Lease Term (*i.e.*, Tenant's rights under this Section

16.17 shall not be applicable during the Renewal Term(s) or any subsequent renewal or extension of the Lease Term), during the initial thirty-six (36) month period following the Commencement Date (the "***Grid Expansion Period***"), Tenant shall the right to lease any tenant space located within the adjacent Grid Buildings that is available for lease by Landlord (the "***Grid Expansion Space***"). For the avoidance of doubt, any space relative to which Landlord is negotiating a lease with a third-party tenant after complying with (and subject to) the terms of Section 16.18 below shall not be considered "available for lease" for purposes of this Section 16.17 Tenant's rights relative to the Grid Expansion Space are subject to the following terms and conditions:

(a) Election by Tenant. If Tenant elects to lease any portion of the Grid Expansion Space, Tenant shall send written notice to Landlord of its intent to lease such space within the Grid Buildings (the "***Grid Expansion Notice***"). Tenant may send a Grid Expansion Notice at any time and from time to time (but no more frequently than monthly) prior to the third (3rd) anniversary of the Commencement Date. Within ten (10) business days following Landlord's receipt of Tenant's Grid Expansion Notice, Landlord notify Tenant of the tenant space within the Grid Buildings that is available for lease (the "***Availability Notice***"). For the avoidance of doubt, any space relative to which Landlord is negotiating a lease with a third-party tenant after complying with the terms of Section 16.18 below shall not be considered "available for lease" for purposes of this Section 16.17 unless and until the earlier of (i) Landlord's negotiations with such proposed tenant are terminated by either party, or (ii) the lease which resulted with such third-party tenant terminates by its terms. Tenant shall have ten (10) business days after Landlord delivers the Availability Notice to specify (by so notifying Landlord in writing) the portion of the Grid Expansion Space that Tenant desires to lease (provided, such space shall contain at least 25,000 square feet of space (and, following Tenant's initial exercise of its expansion rights under this Section 16.17, such space, where practical, will be contiguous with other space leased by Tenant, and shall be subject to Landlord's reasonable approval as to configuration based on applicable code requirements and leasability of the remaining space)) (the "***Exercised Space***").

(b) Terms. Tenant's lease of such Exercised Space shall be on all of the same terms and conditions as set forth in the Lease relative to the Leased Premises (including, without limitation, the Minimum Annual Rental rate (at the then-escalated rate, with future escalations as provided relative to the Leased Premises) and remaining Lease Term); provided, however, Landlord shall not be obligated to provide an Additional Allowance to Tenant, the rental abatement for such Exercised Space shall be limited to three (3) months, and the improvements allowances offered by Landlord for such Exercised Space shall be limited to $150.00, multiplied by the rentable square footage of the applicable Exercised Space, multiplied by a fraction, the numerator of which is the number of months remaining in the initial Lease Term, and the denominator is 150. The Exercised Space will be delivered in substantially the same condition of finish as the Shell Improvements in the initial Lease, with the exception of ceiling height and materials and construction of the applicable Grid Building. Tenant's obligation to commence payment of rent relative to the Exercised Space shall commence on the date that is the earlier of (x) six (6) months after delivery date of the First Offer Space, or (y) the date the tenant improvements in the First Offer Space are substantially completed.

(c) Tenant's Failure to Exercise Rights. Tenant's right to lease any portion of the Grid Expansion Space automatically terminates upon the expiration of the Grid Expansion Period, and Landlord shall be entitled, at any time thereafter (without triggering any further rights of Tenant under this Section 16.17), to enter into a lease agreement with the prospective tenant or any other party relative to all or any portion of such space within the Grid Buildings; provided, for purposes of clarification, that if Tenant as of the end of the Grid Expansion Period has specified an Exercised Space and Landlord and Tenant are negotiating the Lease amendment with respect thereto, but such amendment has not yet been signed, then such Exercised Space shall not be available for lease by Landlord to any prospective tenant unless and until Landlord and Tenant are unable to reach agreement on such amendment within three (3) months following Tenant's Grid Expansion Notice.

Section 16.18. Right of First Refusal. Provided that (i) Tenant is not then in Default under this Lease, and (ii) Tenant has not assigned this Lease or sublet more than sixty percent (60%) of the Leased Premises for the entire remaining term (other than to a Permitted Transferee), Tenant shall, during the initial Lease Term (*i.e.*, Tenant's rights under this Section 16.18 shall not be applicable during the Renewal Term(s) or any subsequent renewal or extension of the Lease Term), have a right of first refusal to lease any space located within the Grid Buildings (the "***First Refusal Space***"). Tenant's first refusal rights relative to the First Refusal Space are subject to the following terms and conditions:

(a) Offer by Landlord. If Landlord receives a written bona fide offer or proposal from a prospective tenant for the lease of part or all of the First Refusal Space (which may be in the form of a non-binding "letter of intent" or similar document), prior to entering into any lease with such prospective tenant, Landlord shall send written notice to Tenant of the prospective lease (and of Landlord's receipt from the prospective tenant of a written offer or proposal relating thereto which is acceptable to Landlord) (the "***ROFR Notice***"), and such ROFR Notice also shall identify all of the space to be leased, the effective rent commencement date, the term of the proposed lease, the rental rate, the terms of any options to renew or expansion rights and all other material economic terms and conditions provided for in the third party's offer or proposal; provided, however, Landlord shall not be required to notify Tenant of the identity of the prospective tenant. Tenant shall have ten (10) business days after such notification is delivered to Tenant by Landlord (the "***First Refusal Response Period***") to elect (by so notifying Landlord in writing) to lease all (but not less than all) of the space described in the ROFR Notice on the outlined in Section 16.18(b) below.

(b) Tenant's Election of Rights. If Tenant elects, pursuant to subsection (a) above, to lease from Landlord all of the space described in the ROFR Notice prior to the date that that is thirty-six (36) months following the Commencement Date, Tenant's lease of such space shall be on all of the terms and conditions set forth in Section 16.17(b) above. If Tenant elects, pursuant to subsection (a) above, to lease from Landlord all of the space described in the ROFR Notice following the date that that is thirty-six (36) months following the Commencement Date, Tenant's lease of such space shall be on all of the terms and conditions set forth in Landlord's ROFR Notice (including, without limitation, the rental rate); provided, however, if the "lease term" relative to such First Refusal Space shall be coterminous with the Lease Term; provided, further, that if at the time of Tenant's election to lease the space described in the ROFR Notice

there are less than eight (8) years remaining in the initial Lease Term, Landlord and Tenant shall amend the Lease to extend the Lease Term relative to the remainder of the Leased Premises such that same is co-terminus with the lease term applicable to the space described in the ROFR Notice, and the Minimum Annual Rent payable relative to remainder of the Leased Premises during such extension of the Lease Term shall continue to increase 2.75% annually. Tenant and Landlord shall proceed diligently and in good faith to finalize and execute a lease amendment to memorialize Tenant's lease of the space described in the ROFR Notice within fifteen (15) business days after the expiration of the First Refusal Response Period (provided, however, in any event, Tenant's exercise of its rights relative to such space shall be irrevocable, and the terms set forth in the offer accepted by Tenant shall be binding on Tenant).

(c) Tenant's Failure to Exercise Rights. If Tenant elects not to lease from Landlord the space described in the ROFR Notice (as evidenced either by Tenant's written notice to Landlord to that effect or by Tenant's failure to respond to Landlord within the First Refusal Response Period), then, in such event, Landlord shall be entitled, within two hundred seventy (270) days after the expiration of the First Refusal Response Period (without triggering any further rights of Tenant under this Section 16.18), to enter into a lease agreement with the prospective tenant for all or substantially the same portion of the space encompassed by ROFR Notice, in which case all of Tenant's first refusal rights under this Section 16.18 shall immediately and automatically terminate relative to such portion or all (as the case may be) of the First Refusal Space that Landlord so leases; provided, however, and notwithstanding the foregoing, (i) Landlord shall not be entitled to enter into a lease of the applicable portion of the First Refusal Space that provides for a net economic value to Landlord that is less than ninety- five percent (95%) of the net economic value provided for in the terms of the proposal offered to Tenant, unless Landlord first reoffers such revised terms to Tenant in the manner set forth above in this Section 16.18, and (ii) Tenant's rights under this Section 16.18 continue in effect to any portion of the First Refusal Space not so leased, and/or which becomes available again during the Lease Term.

Section 16.19. Expansion Building Option.

(a) Landlord represents and warrants to Tenant that as of the date hereof, Landlord owns fee simple title to the area of land identified on **Exhibit G** attached to this Lease (the "***Expansion Area***"). Landlord agrees to keep the Expansion Area under unified ownership with the Building and available for development in the event Tenant exercises its rights under this Section 16.19 prior to the expiration of the Expansion Period (as defined below). At all times prior to the expiration of the Expansion Period, Tenant's rights under this Section 16.19 shall be in a prime position with respect to all third parties, and not subordinate to the right of any other party to lease space on such Expansion Area.

(b) So long as on the date Tenant exercises the Expansion Option (as hereinafter defined), (i) Tenant has not assigned this Lease or sublet more than forty percent (40%) of the Leased Premises for the entire remaining term (other than to a Permitted Transferee), (ii) Tenant is not in Default under this Lease, and (iii) Tenant's financial condition is equal to or better than the Tenant's financial condition as of the date of this Lease (as determined by Landlord in its reasonable discretion), Tenant shall have the option (the "***Expansion Option***") during the period

beginning on the Effective Date and continuing through the date that is forty-eight (48) months after the Commencement Date (the "***Expansion Period***") to require that the Landlord construct a new office, research and laboratory building containing at least 150,000 rentable square feet (the "***Expansion Building***") on the Expansion Area and lease same to Tenant (or a Permitted Transferee) on the terms set out herein. Tenant may exercise the Expansion Option by delivering written notice of such exercise (the ***"Expansion Notice"***) to Landlord on or before the end of the Expansion Period. Within sixty (60) days following Tenant's exercise of the Expansion Option (provided, such time period may be extended up to one hundred eighty (180) days by mutual agreement of the parties), Tenant and Landlord shall promptly negotiate and finalize a mutually approved (which approval shall be reasonable) lease agreement for the construction and occupancy of an Expansion Building on the Expansion Area (an "***Expansion Building Lease***"), which Expansion Building Lease shall be in a form substantially consistent with this Lease, modified as follows:

(i) Expansion Owner and Tenant shall work diligently and in good faith to prepare and finalize plans and specifications for the Expansion Building, including site plans, parking plans and layout;

(ii) Tenant shall be required to lease at least the lesser of (i) 150,000 rentable square feet or (ii) seventy-five percent (75%) of the rentable square footage of such Expansion Building, and the location and configuration of same within the Expansion Building shall be subject to mutual approval of Landlord and Tenant (as applicable, the "***Expansion Premises***"), and if Tenant does not elect to lease the entire Expansion Building, then the location and configuration of the Expansion Building shall be mutually acceptable to Landlord and Tenant;

(iii) The commencement date of the Expansion Building Lease will be the date that Landlord delivers possession of the applicable premises within the Expansion Building ("***Expansion Premises Delivery***");

(iv) The minimum annual rent and other economic terms of the lease of the Expansion Building (the "***Expansion Building Rent***") (inclusive of a market based rental abatement period) shall be subject to mutual agreement by Landlord and Tenant determined pursuant to the provisions of Section 16.16(b), and such Expansion Building Rent shall commence upon the earlier of (1) nine (9) months after the Expansion Premises Delivery (provided Tenant has been given at least four (4) months of unfettered access during such period for installing upfitting improvements), and (2) the date Tenant commences business operations in the Expansion Premises; and

(v) The lease term for the Expansion Building Lease shall be one hundred twenty (120) months following Expansion Premises Delivery (and to the extent that the Lease Term applicable to this Lease is scheduled to expire prior to the contemplated term of the Expansion Building Lease, such Lease Term shall be extended (with continued annual 2.75% increases in Minimum Annual Rental consistent with the Lease) such that such terms are co-terminus).

In the event Landlord and Tenant are unable to negotiate and execute an Expansion Building Lease within the sixty (60) day period referenced above (as same may be extended to one hundred eighty (180) days), at any time thereafter, Landlord or Tenant may terminate negotiations of the Expansion Building Lease by delivering written notice to the other party, at which time Tenant's right to cause Landlord to construct an Expansion Building (and to lease space in such Expansion Building) shall terminate and be of no further force or effect.

Tenant acknowledges that Landlord may convey the Expansion Area to a separate single purpose Delaware limited partnership or limited liability company that will be an affiliate of Landlord; provided, however, that (i) the Expansion Area and the Building shall remain under common ownership during the Expansion Period, (ii) the affiliate taking title to the Building and the Expansion Area shall agree in writing that it is bound by all of Landlord's obligations under this Section 16.19, and (iii) such affiliate transferee has adequate capital or access to capital to fulfill the obligations of Landlord under this Section 16.19.

Section 16.20. Rooftop Rights.

(a) License of the Roof Area. Provided Tenant complies with all Applicable Laws and all applicable restrictions of record (including, without limitation, the RTP Covenants), Tenant shall have the nonexclusive right, at its own cost and expense and subject to the terms hereof, to install, operate and maintain satellite dishes and communications equipment of a size and number reasonably acceptable to Landlord and related equipment, and climate control equipment (collectively, the "***Rooftop Equipment***") on the surface of the roof of the Building (the "***Roof Area***"), provided, however, the Rooftop Equipment shall be used only in the operation of the business of Tenant and/or any other permitted occupant of the Leased Premises and shall not be sold to or utilized in any manner by any other third party. Tenant shall be solely responsible for obtaining all necessary permits and licenses required to install and operate the Rooftop Equipment. Copies of such permits and licenses shall be provided to Landlord. Tenant may not install any Rooftop Equipment onto the Roof Area during the pendency of an uncured Default.

(b) Installation of the Rooftop Equipment.

(i) The size, location, design and manner of installation of the Rooftop Equipment and all related wiring shall be designated and approved by Landlord (not to be unreasonably withheld or delayed). Landlord, in its sole discretion, may require Tenant to install reasonable screening around the Rooftop Equipment to block view from ground level at Tenant's expense. Tenant shall have reasonable access to the roof for installation and maintenance of the Rooftop Equipment and shall have the right to install all reasonable wiring related thereto. Unless otherwise approved by Landlord in writing (in Landlord's sole discretion), in no event shall Tenant be permitted to penetrate the roof membrane in connection with the installation or maintenance of the Rooftop Equipment. Tenant shall be responsible for repairing any damages caused by the installation or maintenance of the Rooftop Equipment.

(ii) Tenant shall use the roofing company reasonably acceptable by Landlord to perform any work affecting the roof. All cable runs, conduit and sleeving shall be installed in a good and workmanlike manner. Cables and transmission lines shall be routed and attached in accordance with the then current, state of the art industry practices

and plans approved by Landlord (not to be unreasonably withheld or delayed). The Rooftop Equipment shall be identified with permanently marked, weatherproof tags at the following locations: (A) at each equipment bracket; (B) at the transmission line building entry point; (C) at the interior wall feed through or any other transmission line exit point; and (D) at any transmitter combiner, duplexer or multifeed receive port. In addition, all Tenant telephone blocks, demarcs and cables shall be clearly identified with Tenant's name, type of line and circuit number.

(iii) Tenant shall install, operate and maintain the Rooftop Equipment in accordance with all federal, state and local laws and regulations. Prior to installation of the Rooftop Equipment, Tenant shall confirm that its installer carries sufficient insurance coverage.

(c) Roof Work. If, during the Lease Term, Landlord needs to perform maintenance work to Landlord's equipment on the roof of the Building or repair or replace the roof of the Building ("***Roof Work***"), Tenant agrees to cooperate and work with Landlord (at Tenant's sole cost and expense to the extent such Roof Work is due solely to Tenant's Rooftop Equipment, but otherwise at Landlord's cost and expense as an Operating Expense) to achieve said Roof Work. Landlord agrees to provide at least thirty (30) days' prior written notice to Tenant of Landlord's intention to perform said work; except in the case of emergency Roof Work, in which case Landlord shall give as much notice as possible under the circumstances. Such Roof Work may require the relocation of any portion of the Rooftop Equipment, or Tenant's installation of temporary equipment, in each case at Landlord's sole cost and expense unless such Roof Work is due solely to Tenant's Rooftop Equipment. All Roof Work will be performed in such a manner as to refrain from interference or disturbance with Tenant's use of the Leased Premises (other than the potential disruption of use of Rooftop Equipment as described in this paragraph). Moreover, if a temporary relocation of the Rooftop Equipment is required to accommodate the Roof Work, Landlord agrees to exercise commercially reasonable efforts to identify a technically feasible alternative location for the relocation portion of the Rooftop Equipment that will not impede the Roof Work. Notwithstanding the foregoing, Landlord does not warrant and represent that an alternative location will be available, and, consequently, Landlord's obligation to provide such alternative location is subject to the availability of such space. Under no circumstances shall Landlord be liable to Tenant for any consequential damages as a result of such relocation, including, but not limited to, loss of business income or opportunity. Notwithstanding the foregoing, Tenant shall move the Rooftop Equipment back to its original location after the Roof Work is completed unless the parties agree to utilize the relocated area permanently.

(d) Emergencies. Notwithstanding the foregoing, if an emergency situation exists that Landlord reasonably determines, in its sole discretion, is attributable to the Rooftop Equipment (such as leaks or electrical hazards), Landlord shall immediately notify Tenant verbally, who shall act diligently and expediently to remedy the emergency situation. Should Tenant fail to so remedy the emergency situation, then subject to Section 5.03 Landlord may shut down the Rooftop Equipment (provided that Landlord shall use commercially reasonable efforts to avoid an interruption in Tenant's use of the Leased Premises), and in the absence of gross negligence or willful misconduct Tenant shall have no recourse against Landlord as a result of such action.

(e) Removal of the Rooftop Equipment upon Termination. Following any termination or the expiration of the Lease, Tenant shall remove the Rooftop Equipment from the Building. In performing such removal, Tenant shall restore the Roof Area and any personal property and fixtures thereon to as good a condition as existed prior to the installation or placement of the Rooftop Equipment, reasonable wear and tear excepted. If Tenant fails to remove the Rooftop Equipment within ten (10) days after the expiration or earlier termination of the Lease, Landlord may remove and dispose of the Rooftop Equipment and restore the Roof Area, and Tenant shall reimburse Landlord for the reasonable costs of such removal and restoration within forty-five (45) days of Landlord's written request therefor. Moreover, Landlord may deem the Rooftop Equipment abandoned, in which event the Rooftop Equipment shall become Landlord's property. This grammatical paragraph shall survive the expiration or earlier termination of the Lease.

(f) Indemnification. Any language in this Lease notwithstanding, Landlord shall not be liable for, and Tenant shall indemnify and defend Landlord and hold Landlord harmless from and against, any and all liability, damages (including, without limitation, personal injury, death or property damages), costs and expenses (including, without limitation, reasonable attorneys' fees, without regard to statutory interpretation) incurred by Landlord arising from any Rooftop Equipment-related cause whatsoever, including the voiding of any roof warranties and those costs arising from the installation, use, maintenance and removal thereof (but not the negligence or willful misconduct of Landlord or a Landlord Related Party, nor the performance of Landlord's Roof Work).

Section 16.21. Outside Supporting Equipment Area. Tenant, at Tenant's sole cost and expense, will be permitted to construct maintain, and use additional supporting equipment and store related supplies and materials in the two (2) locations noted on **Exhibit H** (the "***Outside Supporting Equipment Areas***") (provided, all equipment and screening located within the Outside Supporting Equipment Areas will be located so as to comply with applicable fire code requirements). Tenant shall be solely responsible for reimbursing Landlord for all incremental additional costs incurred by Landlord in connection with the relocation and/or construction of the fire access drive along the south side of the Building (such drive shown generally on **Exhibit D**) to accommodate Tenant's Outside Supporting Equipment Areas as Additional Rent within thirty (30) days following Landlord's delivery of applicable invoices accompanied by reasonable supporting documentation, including all costs of obtaining any required site plan amendments or other governmental approvals required in connection with the relocation of such fire access drive or the installation and use of any improvements to be constructed or installed by Tenant within the Outdoor Supporting Equipment Areas. For purposes of clarification, the incremental additional costs for which Tenant will be responsible are limited to the additional costs and expenses incurred by Landlord in relocating or reconfiguring the fire access drive and exterior utilities above the costs Landlord would have occurred had such improvements been completed as shown on the existing approved site plan. Tenant shall be solely responsible, at Tenant's cost, for ensuring that all such equipment in the Outdoor Supporting Equipment Areas, including without limitation laboratory gas tanks, air chillers, a pH neutralization system, dumpsters and compactors, and a storage location for Hazardous Substances generated or used by Tenant consistent with the foregoing terms and provisions in an area (a "***Hazardous Substances Storage***

***Location***") located entirely within the Outside Supporting Equipment Areas. If Tenant elects to construct and maintain a Hazardous Substances Storage Location, Tenant shall construct and install at Tenant's expense a concrete pad and containment area for the Hazardous Substances Storage Location in the Outside Supporting Equipment Area located along the south side of the Building in accordance with Applicable Law and the RTP Covenants, with permanent screening reasonably approved in advance by Landlord. Tenant shall be solely responsible for the cost of construction, operation, and maintenance of the Outside Supporting Equipment Areas (including any Hazardous Substances Storage Location therein); and Tenant shall construct, maintain, and operate the Outside Supporting Equipment Areas in accordance with all Applicable Laws including obtaining and maintaining any and all permits, approvals, and licenses required to install and operate the Hazardous Substances Storage Location by any governmental authority having jurisdiction; provided, however, that (i) such construction shall be completed pursuant to plans and specifications approved in advance by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and in compliance with all Applicable Laws and the RTP Covenants, (ii) such construction, operation, and maintenance shall be at Tenant's sole cost and expense and shall be completed in a good and workmanlike manner and pursuant to all other relevant terms and provisions in this Lease, and (iii) Tenant shall maintain the Outside Supporting Equipment Areas, including the Hazardous Substances Storage Location and all concrete pads and equipment, in a safe, clean, good and functional condition, and in compliance with all Applicable Laws and the RTP Covenants. Upon the expiration or earlier termination of the Lease Term, the Hazardous Substances Storage Location and any and all equipment, apparatus, and supplies installed within the Outdoor Supporting Equipment Areas shall be removed by Tenant and disposed of in accordance with all Applicable Laws prior to the end of the Lease Term, and Tenant shall repair any damage to the Building and the Common Areas caused by such removal (including the installation of landscaping improvements). In addition, Landlord may perform a Phase I assessment in the area immediately surrounding the Outdoor Supporting Equipment Areas, and if such Phase I assessment identifies any environmental contamination originating from Tenant's use thereof, then Tenant shall reimburse Landlord for Landlord's reasonable third-party costs, liability, claims, expenses or obligations with respect to the presence of Hazardous Substances in such area and any and all required cleanup activities and/or remediation, within forty-five (45) days of Landlord's written request therefor. Tenant shall not be entitled to grant or assign or lease to any third party (other than a Permitted Transferee) the right to use the Outdoor Supporting Equipment Areas without Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 16.22. Generator. Tenant shall be entitled to install, operate, and maintain one or more generators (collectively, the "***Generator***") at Tenant's sole cost and expense and connect same to the electrical and other systems serving the Leased Premises (without paying any additional fee or rental to Landlord for the use thereof). The Generator shall be installed in the Outside Supporting Equipment Area. If Tenant elects to install and maintain a Generator as part of the Tenant Improvements, Tenant may construct and install at Tenant's expense (subject to application of the Allowance) a concrete generator pad and containment area for fuel filling operations, with permanent screening (the "***Generator Pad***") and underground connections to utility gas lines, if practicable. If subsequent to the completion of Tenant Improvements Tenant elects to install and maintain a Generator, Tenant may install the Generator Pad, subject to the

terms of this Section 16.22. Tenant shall be solely responsible for the cost of acquisition, installation, operation, and maintenance of the Generator; and Tenant shall install, maintain, and operate the Generator in accordance with all Applicable Laws including obtaining and maintaining any and all permits, approvals, and licenses required to install and operate the Generator by any governmental authority having jurisdiction. Landlord shall reasonably assist and cooperate with Tenant, at no out-of-pocket expense to Landlord (unless reimbursed), to obtain any required licenses or permits relating to the installation and operation of the Generator. In connection with Tenant's installation of the Generator, Landlord shall permit Tenant to install wires, conduits, and similar appurtenant facilities in the Building (including using the Building's risers, conduits, and towers, subject to reasonable space limitations and Landlord's reasonable requirements for use of such areas, for purposes of installing cabling from the Generator to the Building) to connect the Generator with Tenant's equipment in the Leased Premises; provided, however, that (i) such installation shall be completed pursuant to plans and specifications approved in advance by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and (ii) such installation and maintenance shall be at Tenant's sole cost and expense and shall be completed in a good and workmanlike manner and pursuant to all other relevant terms and provisions in this Lease. Upon the expiration or earlier termination of the Lease Term, the Generator and/or any and all associated lines, cables, wires, conduit, equipment, apparatus, and supplies used in connection with the operation and maintenance of the Generator, including without limitation any above-ground fuel storage tanks and all related equipment and facilities shall be left in place, and Tenant shall execute and deliver a bill of sale conveying such items to Landlord in its "as-is, where-is" condition without any warranties or representations as to condition or operational status, and such items shall become Landlord's property, free and clear of any rights of Tenant or third parties claiming by, through or under Tenant. Landlord may perform a Phase I assessment in the area immediately surrounding the Generator, and if such Phase I assessment identifies any environmental contamination originating from Tenant's use thereof, then Tenant shall reimburse Landlord for Landlord's reasonable third-party costs, liability, claims, expenses or obligations with respect to the presence of such Hazardous Substances in such area and any and all required cleanup activities and/or remediation, within forty-five (45) days of Landlord's written request therefor. Notwithstanding the foregoing, unless Tenant uses a portion of the Allowance (or Additional Allowance) to fund the acquisition and installation of the Generator, Tenant shall have the right to remove the Generator (provided Tenant also removes all associated lines, cables, wires, conduit, equipment, apparatus, and supplies used by Tenant in connection with the operation and maintenance of the Generator, including without limitation any above-ground fuel storage tanks and all related equipment and facilities) prior to the end of the Lease Term, in which event Tenant shall repair any damage to the Building and the Common Areas caused by such removal (including the installation of landscaping improvements) and shall cause all related fuel and other Hazardous Substances to be removed in accordance with all Environmental Laws. In addition, if Tenant removes the Generator or if Tenant ceases to occupy and pay Rent with respect to the entire Rentable Area of the Building, Tenant shall be responsible, at Tenant's sole cost and expense, for any alterations or modifications that are required to the electrical distribution wiring and systems within the Building as a result of such removal. To the extent available and generally maintained by operators of similar generators in the general area of the Building, Tenant shall carry commercially reasonable pollution insurance relative to the Generator so long as the Generator

remains in place, naming Landlord as an additional insured. Tenant shall not be entitled to grant or assign or lease to any third party (other than a Permitted Transferee) the right to operate the Generator without Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). Tenant shall (i) operate the Generator only as reasonably necessary in Tenant's good faith judgment (subject in all cases to the terms and provisions of the next sentence); (ii) so long as the Generator remains in place, maintain, repair, and keep the Generator in good condition and repair, at Tenant's sole cost and expense; and (iii) pay for all operating costs for the same, including without limitation fuel and other operational requirements. Except in the case of an emergency, power outage, or for testing and maintenance purposes, Tenant's operation of the Generator (*e.g.*, for testing purposes) shall be limited to reasonable and customary intervals occurring after business hours to the extent commercially practicable. The timing of any such non-emergency operation shall be coordinated with Landlord to minimize any resulting interference with neighboring tenants.

Section 16.23. Direct Competitors. So long as Tenant (together with any Permitted Transferees) is leasing at least sixty percent (60%) of the Rentable Area of the Building and occupying at least ten percent (10%) of such Rentable Area, no Default exists under the terms of the Lease, and Tenant's current financial statements confirm that Tenant's creditworthiness is as good or better than Tenant's creditworthiness as of the Lease Date, Landlord will not enter into any lease or other occupancy or use agreement with a Direct Competitor (as hereinafter defined) for space in any building in the Park owned by Landlord. For purposes of the foregoing, as of the Lease Date, Tenant's ***"Direct Competitors"*** are Exact Sciences, Guardant Health, Freenome, Foundation Medicine (an affiliate of Roche) and Thrive Early Detection Corp. (an affiliate of Johns Hopkins). So long as no Default exists under the terms of the Lease, Tenant shall have the right by delivering written notice to Landlord (a ***"Substitution Notice"***) to substitute or add new entities to the foregoing list of Direct Competitors (substitutions or additions shall only be effective on a prospective basis); provided such substituted or additional entity has as its primary business the conduct of liquid biopsy cancer screening (and, if such screening is done by a subsidiary or discrete business division of a company, the identified Direct Competitor shall be limited to the subsidiary or business division performing such screening). Tenant shall only have the right to deliver a Substitution Notice starting on the second (2nd) anniversary of the Commencement Date (A) one (1) time during any twenty-four (24) month period during the remainder of the Lease Term so long as Tenant remains a privately held company (*i.e.*, no IPO has occurred), or (B) one (1) time during any twelve (12) month period if Tenant engages in an IPO and Tenant's stock is publicly traded (in which case the updated list of Direct Competitors shall limited to the entities listed as Tenant's competitors in Tenant's 10-K filing that meet the criteria of Direct Competitor); provided, however, that (x) there shall at no point in time be more than five (5) entities listed so long as Tenant remains a privately held company, and (y) except as otherwise provided below, Tenant may not add to such list any entity which is then a tenant of the Park or with whom Landlord is then actively negotiating to lease space in the Park.

Section 16.24. Additional Improvements.

(a) Fitness Center. Landlord will construct, furnish and operate (or cause to be constructed, furnished and operated by a third party) an approximately 10,699 square foot fitness center (the "***Fitness Center***") in the location shown on **Exhibit D** and in accordance with

**Exhibit J** to provide a fitness/exercise amenity to tenants of the Park. The exercise areas of the Fitness Center will be equipped with certain exercise and fitness equipment, and the Fitness Center may or may not be operated with an attendant on duty. Tenant's employees shall be entitled to utilize the Fitness Center during Normal Business Hours, and Tenant acknowledges and agrees that access to and use of the Fitness Center shall be further subject to rules and regulations adopted by Landlord in effect from time to time relating to the use, safety and welfare of the Fitness Center. Each individual desiring to utilize the Fitness Center will be required to first sign and deliver Landlord's form waiver and acknowledgment as a condition to the use of the Fitness Center. Landlord, in Landlord's discretion, may engage a third-party operator to provide programming for the Fitness Center, and in such event, any costs associated therewith shall be included in Operating Expenses. The Fitness Center will have modern finishes with locker room/shower facilities and will incorporate customary functions such as first-class weight and cardio machines. Landlord may arrange for community-based active programming with group classes and programming, subject to demand, the costs of which will all be included in Park Costs and Operating Expenses. Additional services and activities may be made available from time to time with payment of additional registration or usage fees on an *a la cart* basis.

(b) Café. Landlord will construct, furnish and operate (or cause to be constructed, furnished and operated by a third party) an approximately 3,000 square foot "grab and go" or similar food service operation (the "***Café***") in the location shown on **Exhibit D** and in accordance with **Exhibit J** to provide a food service amenity to tenants of the Park. The Café will serve breakfast and lunch options from 8:00 a.m. to 2:00 p.m. on weekdays, and will have tables and chairs for on-premises consumption, which food items and menus will be prepared by and subject to periodic changes by the operator of the Café.

Section 16.25. Training Space Allowance. Landlord shall provide Tenant with the Training Space Allowance to be used by Tenant to lease or license temporary office and training space (consisting of approximately 10,000 square feet of space, including office space sufficient for twenty-five (25) people and two (2) conference rooms) (the "***Training Space***") commencing on the date that is ten (10) days following the Lease Date through the date that is thirty (30) days following the Commencement Date. Tenant shall be responsible for locating and securing use of the Training Space. Landlord shall, subject to and in accordance with the provisions of this Section 16.25, reimburse Tenant for costs and expenses of securing use of the Training Space up to an amount equal to the Training Space Allowance. Landlord shall disburse the Training Space Allowance monthly to Tenant, within five (5) business days after the first of each month, in reimbursement for costs paid to the third party landlord or other provider of the Training Space utilized by Tenant as evidenced by statements from Tenant showing such payments. Tenant shall be solely responsible for payment of all costs incurred relative to Tenant's use of the Training Space (subject to reimbursement from the Training Space Allowance), and to the extent that Tenant fails to submit payment applications or invoices for use of the Training Space in an amount equal to or greater than the Training Space Allowance, Landlord shall be entitled to retain any excess of the Training Space Allowance for Landlord's account.

Section 16.26. Memorandum of Lease. Within ten (10) business days after the Lease Date, Landlord and the Tenant shall execute, acknowledge and deliver, and Tenant shall be entitled to record in the Registry against title to the Building, the Grid Buildings and the Expansion Area, a memorandum of this Lease in the form attached hereto as **Exhibit L**, sufficient to provide record notice of Tenant's rights under this Lease, including Tenant's rights relative to the Grid Expansion Space, First Refusal Space and Expansion Area, provided that Tenant shall be solely responsible for the cost of recording the Memorandum.

Section 16.27. Access Control System. Notwithstanding anything in this Lease to the contrary, while Tenant is leasing all of the Rentable Area in the Building, Tenant shall have the right, subject to Landlord's reasonable approval of the plans and specifications therefor, at Tenant's sole cost and expense, to install and implement (i) a controlled access system or other similar access system regulating access to and from the Building and (ii) a Tenant-controlled security system which provides security measures to and within the Leased Premises (the "***Security Devices***"), provided that (A) Tenant shall comply with all Applicable Laws in connection with the installation, implementation and monitoring of such Security Devices, (B) the Security Devices shall not adversely affect the mechanical or utility systems which serve the Leased Premises or Building, the structural integrity of the Building, and (C) Landlord and its designees shall continue to have access to the Building subject to the terms forth in this Lease.

(SIGNATURES CONTAINED ON THE FOLLOWING PAGES)

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

PP OFFICE OWNER l , L.P.,
a Delaware limited partnership

By: PP Office Owner l GP, L.L.C., a Delaware limited liability company, its General Partner

Dated: June 4, 2020

By: /s/ Andres Panza

Printed: Andres Panza

Title: Authorized Signatory

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

TENANT:

GRAIL, INC.,
a Delaware corporation

Dated: 3rd June 2020

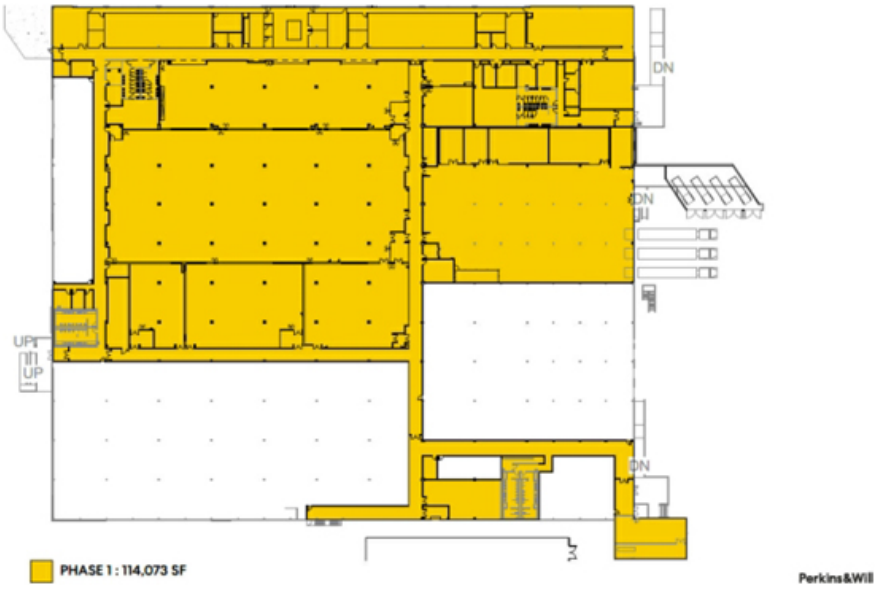
By: /s/ H. BISHOP

Printed: H. BISHOP

Title: C.E.O.

**EXHIBIT A**

**LEASED PREMISES**
**(Initial Leased Premises shown as "Phase 1" below)**



**(Deferred Leased Premises shown as “Phase 2” below)**

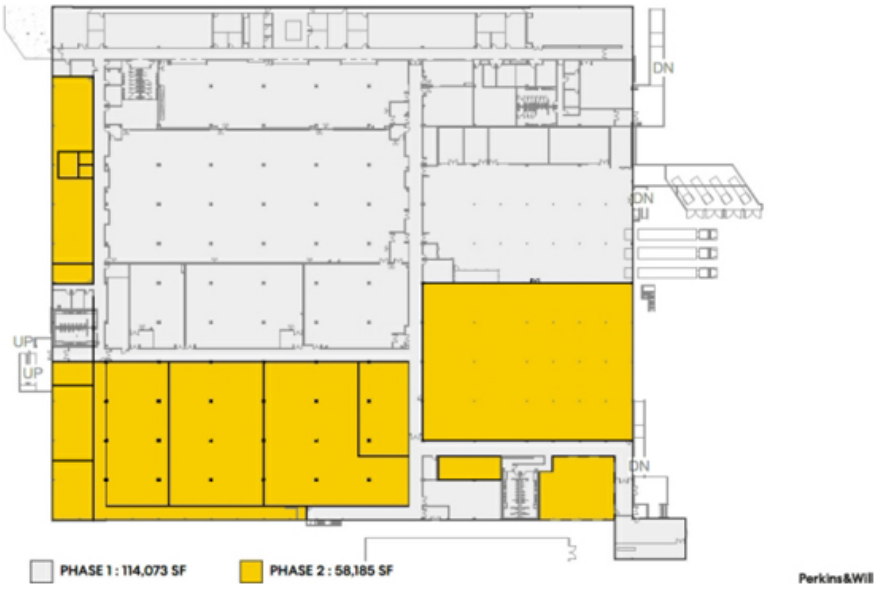


**Exhibit 99.1**

**Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.**

**PRELIMINARY AND SUBJECT TO COMPLETION, DATED MAY 29, 2024**

**INFORMATION STATEMENT**

# GRAIL, LLC

1525 O'Brien Drive
Menlo Park, California 94025

**Common Stock**
(par value $0.001)

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We are sending you this Information Statement in connection with Illumina, Inc.'s partial spin-off of its wholly owned subsidiary, GRAIL, LLC, or "GRAIL." GRAIL must be held and operated separately and independently from Illumina pursuant to the transitional measures ordered by the European Commission, following the prohibition of Illumina's acquisition of GRAIL on September 6, 2022. Immediately prior to the completion of the spin-off, GRAIL will be converted into a Delaware corporation and will be renamed GRAIL, Inc. To effect the spin-off, Illumina, Inc., or "Illumina," will distribute at least 85.5% of the shares of GRAIL's common stock owned by Illumina as of the close of business on , 2024, which is the record date for the distribution, on a pro rata basis to the holders of Illumina common stock. Immediately after the distribution becomes effective, Illumina may retain up to 14.5% of GRAIL's common stock.

We intend that the distribution of GRAIL common stock will be tax-free to Illumina stockholders for U.S. federal income tax purposes, except for cash that stockholders receive in lieu of fractional shares and subject to the discussion below under "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off—Consequences to Holders of Illumina Common Stock." You should consult your own tax advisor as to the tax consequences of the distribution to you, including potential tax consequences under state, local and non-U.S. tax laws.

If you are a record holder of Illumina common stock as of the record date, for every six shares of Illumina common stock you hold on that date, you will be entitled to receive one share of GRAIL common stock. Illumina will distribute the shares of GRAIL common stock in book-entry form, which means that we will not issue physical stock certificates. The distribution agent will not distribute any fractional shares of GRAIL common stock. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to each holder (net of any required withholding for taxes applicable to each holder) who would otherwise have been entitled to receive a fractional share in the distribution. As discussed in the section entitled "The Spin-Off—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement, if you sell your Illumina common stock in the "regular-way" market after the record date and on or before the distribution date, you also will be selling your right to receive shares of GRAIL common stock in connection with the distribution.

We expect that the distribution will be effective as of , New York City time, on , 2024. Immediately after the distribution becomes effective, GRAIL will be an independent, publicly traded company.

**Illumina's stockholders are not required to vote on or take any other action in connection with the spin-off. We are not asking you for a proxy, and request that you do not send us a proxy.** Illumina's stockholders will not be required to pay any consideration for the shares of GRAIL common stock they receive in the spin-off, and they will not be required to surrender or exchange their common stock of Illumina or take any other action in connection with the spin-off.

Illumina currently owns all outstanding shares of GRAIL common stock. Accordingly, no public trading market for GRAIL common stock currently exists. We expect, however, that a limited trading market for GRAIL common stock, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect "regular-way" trading of GRAIL common stock will begin on the first trading day after the distribution date. We intend to list the GRAIL common stock on the Nasdaq Global Select Market under the ticker symbol "GRAL." Following the distribution, Illumina will continue to trade on the Nasdaq Global Select Market under the ticker symbol "ILMN."

**We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012.**

**In reviewing this Information Statement, you should carefully consider the matters described in the section entitled "Risk Factors" beginning on page 31 of this Information Statement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.**

**This Information Statement is not an offer to sell, or a solicitation of an offer to buy, any securities.**

**The date of this Information Statement is , 2024.**

This Information Statement will be made publicly available on or about , 2024. Notice of this Information Statement's availability will be first sent to Illumina stockholders on or about , 2024.

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## INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this Information Statement concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity, and market size, is based on information from various sources on assumptions that we have made that are based on such information and other, similar sources and on our knowledge of, and expectations about, the markets for our products. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market position, market opportunity, and market size information included in this Information Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "Risk Factors" and elsewhere in this Information Statement. These and other factors could cause results to differ materially from those expressed in the estimates made by independent third parties and by us.

## TRADEMARKS AND COPYRIGHTS

"GRAIL," the GRAIL logos, "Galleri" and other trade names, trademarks or service marks of GRAIL appearing in this Information Statement are the property of GRAIL. GRAIL also owns or has the rights to copyrights that protect the content of its products. Other trade names, trademarks, service marks or copyrights appearing in this Information Statement are the property of their respective holders. Solely for convenience, trade names, trademarks, service marks, and copyrights referred to in this Information Statement appear without the ®, ™, SM, and © symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or that the applicable owner will not assert its rights, to these trade names, trademarks, service marks, and copyrights.

## BASIS OF FINANCIAL PRESENTATION

Illumina acquired the common stock of GRAIL that it did not own and completed its acquisition of GRAIL on August 18, 2021. Our consolidated balance sheets as of December 31, 2023 and January 1, 2023, and our consolidated statements of operations, comprehensive loss, and cash flows for the period from January 2, 2022 to January 1, 2023, the period from January 2, 2023 to December 31, 2023, and the period from August 19, 2021 to January 2, 2022 (the "Successor") reflect the new basis of accounting established in connection with the acquisition of GRAIL on August 18, 2021 and for the period from January 1, 2021 to August 18, 2021 (the "Predecessor") reflect the predecessor activity of GRAIL prior to the acquisition. A black line distinguishes the periods before and after the acquisition of GRAIL because these periods are not comparable.

Prior to the acquisition, we had a fiscal year end of December 31, which we will revert back to upon the closing of the Spin-Off. Illumina, and, by proxy, us following the acquisition and prior to the Spin-Off, use a 52-53 week fiscal year-end calendar that ends on the Sunday closest to the quarter-end, so the exact year-end date may change from year to year. In this Information Statement when we discuss our financial results:

- references to 2023 refer to the fiscal year ended December 31, 2023, which was 52 weeks;
- references to 2022 refer to the fiscal year ended January 1, 2023, which was 52 weeks; and
- references to 2021 refer either to the Predecessor period from January 1, 2021 to August 18, 2021 (the "2021 predecessor period"), or the Successor period from August 19, 2021 to January 2, 2022 (the "2021 successor period").

The Company's fiscal year is the 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30, and December 31. References to Q1 2024 and Q1 2023 refer to the three months ended March 31, 2024 and April 2, 2023, respectively, which were both 13 weeks.

## SUMMARY

This summary highlights selected information from this Information Statement and provides an overview of our company, our separation from Illumina and Illumina's distribution of our common stock to its stockholders. For a more complete understanding of our business and the spin-off, you should read the entire Information Statement carefully, particularly the discussion of "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 31 and 186, respectively, of this Information Statement, and our historical consolidated financial statements and the notes to those financial statements appearing elsewhere in this Information Statement.

In this Information Statement, unless the context otherwise requires:

- "GRAIL," "we," "our," and "us" refer to GRAIL, LLC and its consolidated subsidiaries prior to the effective time of its conversion to a corporation and to GRAIL, Inc. and its consolidated subsidiaries on and after the effective time of such conversion;
- "Illumina" refers to Illumina, Inc. and its consolidated subsidiaries other than, for all periods following the Spin-Off (as defined below), GRAIL;
- the "Distribution" refers to the transaction in which Illumina will distribute to its stockholders at least 85.5% of the shares of our common stock owned by Illumina;
- the "Distribution Date" refers to the date on which the Distribution occurs; and
- the "Spin-Off" refers to the transaction in which we will be separated from Illumina.

### Our Company

***Our mission is to detect cancer early, when it can be cured.***

We are an innovative commercial-stage healthcare company focused on saving lives and shifting the paradigm in early cancer detection. We believe screening individuals for many types of cancer with a single test represents a significant opportunity to reduce the global burden of cancer. Our Galleri test is a commercially available screening test for early detection of multiple types of cancer, which we termed multi-cancer early detection ("MCED"). We believe Galleri is clinically validated based on the results of its clinical studies completed to date, including the results of its foundational case-control Circulating Cell-free Genome Atlas ("CCGA") study and interventional PATHFINDER study, which together enrolled more than 21,000 participants. In these studies, Galleri demonstrated an ability to detect a shared cancer signal across more than 50 types of cancer, accurately predict the specific organ or tissue type where the cancer signal originated, and yield high positive predictive values and low false positive rates, all from a simple blood draw. See "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri results can help guide next steps for a diagnosis of cancer by healthcare providers in required follow-up diagnostic testing. Galleri is not a diagnostic test and has not been approved or cleared by the U.S. Food and Drug Administration (the "FDA"). We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships, including leading healthcare systems, employers, payors, and life insurance providers. Commercial use of Galleri has detected some of the most aggressive cancers in early stages including, among others, endometrial, esophageal, gastrointestinal stromal, head and neck, liver, pancreatic, and rectal cancers.

Cancer is a major public health crisis. It is the second leading cause of death both in the United States and worldwide. Most cancers that result in death are diagnosed too late, in advanced stages when they are most challenging to treat. We estimate that more than 60% of cancer deaths result from cancers that have no recommended screening guidelines. In the United States, we consider standard of care screening for cancer to consist of the grade A and B recommendations published by the United States Preventive Services Task Force

("USPSTF"), which currently recommend broad population screening for only four types of cancer using single-cancer screening tests (breast, cervical, colorectal, and lung cancer), and prostate cancer screening, which is USPSTF grade C and is widely implemented in the United States. Grade A and B recommendations are services that USPSTF most highly recommends for preventative care and that have a high or moderate net benefit for patients. Grade C recommendations are services that USPSTF recommends selectively offering or providing to patients based on individual circumstances and that have a moderate certainty of a small net benefit for patients. According to data in the American Cancer Society's *Cancer Facts & Figures 2024*, cancers for which there are grade A and B recommendations published by the USPSTF (breast, cervical, colorectal, and lung cancer) are expected to result in approximately 225,000 deaths out of approximately 612,000 cancer-related deaths in the United States in 2024, and prostate cancer is expected to resulted in approximately 35,000 additional deaths. We believe that expanding upon these current guidelines to screen individuals for many types of cancer with a single test represents a significant opportunity to reduce cancer mortality and the cost of cancer care. In 2021, we published modeling data in *Cancer Epidemiology, Biomarkers & Prevention* (Cancer Epidemiol Biomarkers Prev. 2021; 30:460–8) that estimated the potential impact of MCED testing on mortality reduction based on test performance in our CCGA-2 study and using 2006 to 2015 data from the Surveillance, Epidemiology, and End Results Program of the U.S. National Cancer Institute ("SEER") for ages 50-79. Based on this model, we estimate that by adding Galleri to the five standard of care single-cancer screening tests (breast, cervical, colorectal, lung cancer, and prostate), there is potential to detect many more cancers at an earlier stage, which could translate into the potential to avert approximately 100,000 deaths per year in the United States as measured by five-year survival. We believe this model provides helpful context regarding the potential benefits of screening for multiple cancers at once with a singular screening test, like Galleri, in addition to the five standard of care single-cancer screening tests; however, there can be no assurance when or even if Galleri will be added to the USPSTF guidelines or standard of care screening. In addition, an analysis published in *Data* (Data. 2017; 2(30):2–16) estimated that diagnosing cancer early could result in $26 billion in annual cost-savings in the United States.

We designed Galleri to detect cancer early. If cancer is detected early, it is more amenable to curative treatment. According to the American Cancer Society, the ability to cure cancer depends on the type and stage of cancer, the type of treatment the patient receives, and other factors. While there is not one cure for cancer and not all cancers may be cured, according to the World Health Organization many cancers can be cured if detected early and treated effectively and some of the most common cancer types, such as breast cancer, cervical cancer, oral cancer, and colorectal cancer, have high cure probabilities when detected early and treated according to best practices. Galleri works by detecting DNA fragments shed into the bloodstream by tumor cells. In cancerous cells, methylation, a natural biological process that determines which sections of DNA to turn on or off and that drives tissue differentiation, becomes abnormal. As a result, DNA from cancer has specific methylation patterns that can be used to both identify a general cancer signal and localize that signal to a specific organ or tissue type. In our CCGA study, Galleri identified a shared cancer signal across more than 50 types of cancer, often at an early stage. If a cancer signal is detected, Galleri can accurately predict the tissue type or organ associated with the cancer signal (the cancer signal origin). In our PATHFINDER study, Galleri correctly predicted the first or second cancer signal origins in 22 of 25 participants with a cancer diagnosis following a cancer signal detected (positive) test result (*i.e.*, participants with true positive test results), demonstrating a high cancer signal origin prediction accuracy of 88%. For additional information, see "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri's screening test results can be used by healthcare providers to guide required follow-up diagnostic testing for a diagnosis of cancer.

As an early proponent of MCED testing, we have established strong relationships within the cancer and primary care community, including through partnerships with academic and community medical centers, key opinion leaders, and governmental policy and advocacy partners. We have shared evidence supporting our MCED testing at renowned medical conferences, such as the American Association of Cancer Research ("AACR"), American Society of Clinical Oncology ("ASCO"), European Society of Medical Oncology

("ESMO"), and American Academy of Family Physicians ("AAFP"). We have also published results from our studies in leading scientific and medical journals, including *The Lancet*, *Nature*, *Nature Medicine*, *Cancer Cell*, and *The Lancet Oncology*. Our industry leadership has been recognized with multiple national high profile accolades, including being acknowledged by *Time Magazine* as one of the Best Inventions of 2022 and *The Atlantic* as one of the top breakthroughs of 2022, and being named in *Fast Company* World Changing Ideas of 2022 and in the *Fortune* Change the World List in 2023.

We plan to pursue FDA approval to support broad access for Galleri in the United States. We plan to complete a premarket approval application ("PMA") submission with the FDA in the first half of 2026. We seek to use data from the NHS-Galleri Trial, together with data from our PATHFINDER 2 study, as well as supplemental data from other clinical studies, to support our planned PMA submission for Galleri in the United States. We believe that FDA approval could unlock broad coverage by large commercial payors in the United States. We have established private reimbursement for Galleri from a number of third-party payors in the United States, but do not currently have broader coverage and reimbursement by government healthcare programs, such as Medicare. We are working with stakeholders to advance and shape the public reimbursement landscape to cover MCED screening for FDA-approved MCED tests. Galleri has not been approved or cleared by the FDA and obtaining PMA approval can take several years from the time a premarket application is submitted. Moreover, the FDA requirements that will govern MCED tests, as well as the breadth and nature of data we must provide the FDA to support the proposed intended use, may be subject to change, and as such it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use. Following FDA approval, we also expect to pursue inclusion of Galleri in the USPSTF's guideline recommendation, although such inclusion is not certain even with FDA approval. In the United Kingdom, we are working with NHS England to complete our NHS-Galleri Trial. The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. We believe our work with the NHS and the data generated from our NHS-Galleri Trial could facilitate adoption in other single-payor systems around the world and support evidence of clinical utility worldwide.

Since our founding, we have undertaken a rigorous approach to identify in a blood sample the most informative markers of cancer through what we believe is the largest clinical program in genomic medicine to date. We are collecting population-scale clinical data from more than 385,000 participants across nine clinical studies, with more than 21,000 of these participants included in the studies that supported the development and launch of Galleri, and over 170,000 individuals enrolled and an additional approximately 55,000 anticipated to be enrolled in interventional studies (NHS-Galleri and PATHFINDER 2, which support our PMA submission, and the first-of-its kind Galleri-Medicare real-world study). These studies include our foundational case-control CCGA study to develop and validate our MCED technology, multiple large-scale observational studies in asymptomatic individuals, and multiple large-scale interventional studies in intended use populations. Our interventional studies include our NHS-Galleri Trial, which is the first and largest randomized controlled trial of an MCED test, and which enrolled more than 140,000 individuals in just over 10 months. These studies also include our initiation of the Real-world Evidence to Advance multi-Cancer early detection Health equity ("REACH") interventional study. This first-of-its kind real-world "Galleri-Medicare" study will further evaluate the clinical impact of the Galleri multi-cancer early detection test among Medicare beneficiaries, including racial and ethnic minorities, and seniors from historically underserved communities. Through these studies and our ongoing collection of real-world data, we have built what we believe is an unprecedented longitudinal dataset of high quality, linked clinical and genomic data. We believe our clinical studies, including our early discovery work, have demonstrated robust and reproducible test performance. Notably, data from our interventional PATHFINDER study, including positive predictive value ("PPV"), cancer signal original prediction accuracy, and specificity, were generally consistent with data from our case-control CCGA study, which is evidence supporting the generalizability and robustness of Galleri in an interventional study involving analysis of returned Galleri results on clinical diagnostic and care pathways, outside of the foundational case-control context. Specifically, the 43% positive predictive value

("PPV") achieved in the study is similar to our previously published modeled PPV of 44% based on test performance in our CCGA study extrapolated to a potential representative population aged 50-79 based on 2016 to 2017 SEER data. We extrapolated the CCGA-based modeled PPV to a representative population due to the limitations of measuring PPV in a case controlled study with enrichment of cancer cases in the sample set, whereas the PATHFINDER study was performed in an intended use population and PPV was measured directly. We expect to continue to report ongoing and long-term follow-up clinical data from these studies over many years.

Based on our extensive discovery work, we believe that a targeted methylation approach, which entails interrogating specific methylation sites within a genome to assess methylation patterns and which serves as the technological basis for our Galleri test, is the best approach for detecting a cancer signal and identifying a cancer signal origin. In our head-to-head analyses we compared multiple different classifiers that were trained to detect a cancer signal and predict the cancer signal origin, and which were independently validated. We found that interrogating methylation patterns yielded significantly better results for cancer detection (based on sensitivity, cancer signal origin prediction accuracy, and clinical limit of detection (a measure of the how much signal must exist in order to be detected)) than was observed by interrogating mutations (changes in a DNA sequence), chromosomal alterations (changes to the structure or number of chromosomes, which are strands of genetic material), fragment lengths (differences in length of DNA fragments), and other genomic features, either alone or in combination. In contrast to well-established cancer mutations that only affect a handful of genomic locations, there are nearly 30 million methylation sites across the human genome, making them a ubiquitous and rich signal for cancer detection. After comprehensive analysis of whole-genome methylation patterns in connection with our CCGA study, we discovered highly informative and low-noise methylation sites for cancer signal and cancer signal origin detection. Highly informative sites are likely to have abnormal methylation patterns resulting from cancer, and low-noise sites are less likely to be subject to confounding signals from biological noise resulting from confounding conditions (such as aging, inflammatory conditions) and circulating DNA from non-cancerous cells. This discovery led to our development of a targeted methylation approach. Our targeted methylation approach can detect lower levels of cancer signal in blood compared to the other approaches we examined, enabling early cancer detection in asymptomatic individuals more efficiently compared to whole-genome methylation. Our targeted methylation assay had a clinical limit of detection of approximately 150 parts per million, which was significantly lower than other approaches we assessed. For additional information, see "Business—Methylation Technology Platform."

Our proprietary targeted methylation platform, as well as our growing body of clinical and real-world data, have provided us with unique insights into cancer biology that enable development of products beyond asymptomatic screening. We are leveraging our proprietary platform for additional applications, including:

- *Precision oncology portfolio:* We are developing our precision oncology portfolio and launched our research use only ("RUO") targeted methylation platform with customizable classifiers in 2023. We have partnered with a number of leading oncology therapeutics companies to test applications of biomarkers with the goal of optimizing the use of therapeutic interventions. Some of our partnerships also include development of customized applications to support clinical studies and companion diagnostic development and commercialization. Potential applications for our technology in a precision oncology setting include pre-treatment prognosis, post-treatment prognosis or minimal residual disease ("MRD"), biomarker discovery, detection of recurrence, and clinical monitoring. We believe the research and clinical development settings represent significant opportunities with biopharmaceutical companies given the large number of ongoing oncology studies and the significant need to identify residual disease or recurrence early and help inform treatment decisions. In addition to companion diagnostic opportunities, we believe that our methylation platform could enable standalone clinical products and support patient care across the cancer care continuum.
- *Diagnostic aid for cancer test*: We are developing our diagnostic aid for cancer ("DAC") test to accelerate diagnostic resolution for patients with non-specific signs and symptoms, but with a clinical

suspicion of cancer. Through a simple blood test, DAC is designed to provide physicians with a powerful decision-making tool to aid diagnosis, achieve resolution more quickly, and avoid unnecessary workups. Symptomatic detection of cancer is a significant unmet need; we estimate that approximately 16 million patients in the United States present with non-specific signs and symptoms each year. Data from our SYMPLIFY study published in *The Lancet Oncology* showed that, in a symptomatic patient population, our methylation technology was able to detect many cancer types and accurately identify where the cancer signal origin was located in the body. In our SYMPLIFY study, our technology correctly predicted the first or second cancer signal origins in 214 of 237 participants with a cancer diagnosis following a cancer signal detected (positive) test result (*i.e.*, participants with true positive test results), demonstrating a high cancer signal origin prediction accuracy of 90%. Product development efforts are ongoing, and we currently consider the launch of our DAC test as a medium-to longer-term objective over approximately the next three to five years, subject to a number of factors, including determining the requirements for reimbursement in the United States.

We believe these products and other future products in development have the potential to reach additional customers and may result in additional patient care solutions across the cancer care continuum.

**Our Strengths**

We believe our continued growth will be driven by the following strengths:

- **Our clinically-validated, commercially available, MCED screening test, Galleri.** Galleri is a commercially available MCED screening test that is setting the standard for multi-cancer early detection. While Galleri has not been approved or cleared by the FDA, we believe Galleri is clinically validated as a screening test based on the results of its clinical studies completed to date. From a simple blood draw, Galleri can detect a cancer signal shared by over 50 types of cancer, over 45 of which do not have recommended screening guidelines. We believe Galleri enables the early detection of cancer in asymptomatic individuals by screening for multiple types of cancer, and in clinical studies has demonstrated a high positive predictive value ("PPV") and a low false positive rate, and an ability to predict the location of the suspected cancer with high accuracy (88%). See "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri screening test results can help guide next steps for a diagnosis of cancer by healthcare providers in required follow-up diagnostic testing. Further, as Galleri relies on a blood draw, the test can be integrated into existing care pathways, such as annual health checks, which can enable wide scale implementation and increase access to cancer screening, thus helping to address well-known disparities in cancer care. Our industry leadership in MCED testing has been recognized with multiple national high profile accolades, including being acknowledged by *Time Magazine* as one of the Best Inventions of 2022 and *The Atlantic* as one of the top breakthroughs of 2022, and being named in *Fast Company* World Changing Ideas of 2022 and in the *Fortune* Change the World List in 2023.
- **Our established commercial leadership is driving the development of a significant market.** The commercial opportunity for Galleri is significant, with more than 300 million individuals globally over the age of 50 (our intended use population), including more than 100 million individuals in the United States. We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships, including leading healthcare systems, employers, payors, and life insurance providers. In this real-world setting, Galleri is detecting deadly cancers in early stages. As an early proponent of MCED testing, we have established strong relationships within the cancer and primary care community, including through partnerships with academic and community medical centers, key opinion leaders, and governmental policy and advocacy partners. Our partnership with the NHS presents an opportunity to drive further adoption of Galleri, including by payors and health systems around the world. The NHS will evaluate

the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. Our commercial leadership is further supported by our high-capacity laboratories to enable population screening volumes.

- **Unprecedented clinical studies and real-world experience.** We designed and executed what we believe is the largest clinical program in genomic medicine to date. We are collecting population-scale clinical data from more than 385,000 participants across nine clinical studies, with more than 21,000 of these participants included in the studies that supported the development and launch of Galleri, and over 170,000 individuals enrolled and an additional approximately 55,000 anticipated to be enrolled in interventional studies (NHS-Galleri and PATHFINDER 2, which support our PMA submission, and the first-of-its kind Galleri-Medicare real-world study). These studies include our foundational case-control CCGA study to develop and validate our MCED technology, multiple large-scale observational studies in asymptomatic individuals, and multiple large-scale interventional studies. Our interventional studies include our NHS-Galleri Trial, which is the first and largest randomized controlled trial of an MCED test, and which enrolled more than 140,000 individuals in just over 10 months. Through these studies and our ongoing collection of real-world data, we have built what we believe is an unprecedented longitudinal dataset of high quality, linked clinical and genomic data. We believe our clinical studies, including our early discovery work, have demonstrated robust and reproducible test performance. Notably, data, including PPV, cancer signal original prediction accuracy, and specificity, from our interventional PATHFINDER study, which involved analysis of diagnostic and care pathways outside of the case-control context, were generally consistent with data from our case-control CCGA study, which is evidence supporting the generalizability and robustness of Galleri. Together with our partners at leading community and academic medical centers in the United States and United Kingdom, we expect to continue to report ongoing and long-term follow-up clinical data from these studies over many years.
- **Our highly-differentiated methylation platform, which enables product opportunities across the cancer care continuum.** We have taken a scientifically rigorous approach to develop a deep and comprehensive understanding of cancer biology. We built an atlas to characterize the landscape of cell-free nucleic acids (“cfDNA”) across a broad and diverse population and in individuals with and without cancer. We then used this atlas and other data to train our machine learning algorithms to recognize methylation patterns indicative of cancer and accurately predict the cancer signal origin. These efforts supported the development of our proprietary methylation platform on which Galleri is based, and which we will continue to leverage to advance a number of clinical applications across the cancer care continuum. For example, we developed and launched our post-diagnosis RUO offering and are working closely with biopharmaceutical companies to develop products and services to optimize treatment once a cancer has been diagnosed. Potential applications for our technology in a post-diagnosis setting include pre-treatment prognosis, post-treatment prognosis or MRD, biomarker discovery, detection of recurrence, and clinical monitoring. We are also developing our DAC test to enable faster diagnosis and care for patients presenting with non-specific symptoms that are suspicious for cancer.
- **Our intellectual property portfolio.** We own or license exclusive worldwide commercial rights to intellectual property covering Galleri and our products in development. Specifically, as of March 31, 2024, we have exclusive licenses to approximately 530 granted patents globally, and own or co-own more than 130 issued patents, with more than 850 pending patent applications (licensed, owned, or co-owned) covering methylation and other technologies. In addition, our patents, trade secrets, and know-how provide broad intellectual property coverage for our products, including chemistry, bioinformatics, and machine learning algorithms used in Galleri and our product development pipeline. Our exclusively licensed patents will begin to expire in 2027. Our owned or co-owned patents will begin to expire in 2037.
- **Our highly experienced and multidisciplinary team.** Since our founding, we have built an entrepreneurial culture driven to improve outcomes for cancer patients. We are led by a

multidisciplinary team with extensive experience across biotechnology, life sciences, public health, genomics, computer science, data science, biostatistics, clinical development, medical affairs, government and regulatory affairs, quality assurance, and laboratory and commercial operations. We believe this confluence of talent from multiple disciplines has enabled us to make significant progress in improving cancer care and will enable us to remain at the forefront of our industry.

**Our Strategy**

Key elements of our strategy include:

- **Establishing Galleri as the population multi-cancer screening standard and extending commercial leadership in large global markets.** We believe we have an unprecedented opportunity to establish a new standard of care by adding Galleri to existing single-cancer screenings, and establish and maintain the market leading position in cancer detection. The commercial opportunity for Galleri is significant, with more than 300 million individuals globally over the age of 50, including over 100 million individuals in the United States. Our goal is to address cancer screening globally, beginning in large markets with established health systems, such as the United States and United Kingdom, and thereafter extending to other markets. We will continue to engage with key opinion leaders, healthcare providers, advocacy organizations, regulators, and payors to help drive broader scientific and commercial endorsement worldwide. In addition, we believe Galleri's performance will drive clinical outcomes and high patient and provider satisfaction that will lead to further awareness and adoption.
- **Expanding access to our products by pursuing FDA approval and reimbursement and coverage from payors.** Our ability to impact cancer outcomes will be accelerated in markets where we secure reimbursement for our products. Prior to broader coverage and reimbursement in the United States, we will continue our work with clinics and health systems to accelerate utilization, and with self-insured employers and health insurers to offer and cover Galleri. In the United States, we have established private reimbursement from over 80 self-insured employers and multiple payors and health systems as of March 31, 2024, but do not currently have broad coverage and reimbursement by government healthcare programs, such as Medicare. We plan to pursue FDA approval to support broad access for Galleri in the United States. We plan to complete a PMA submission with the FDA in the first half of 2026. We seek to use data from the NHS-Galleri Trial, together with data from our PATHFINDER 2 study, as well as supplemental data from other clinical studies, to support our planned PMA submission for Galleri in the United States. We believe that FDA approval could unlock large commercial payors in the United States and we are working with stakeholders to advance and shape the public reimbursement landscape in the United States to enable coverage of FDA-approved MCED tests by Medicare. Galleri has not been approved or cleared by the FDA and obtaining PMA approval can take several years, if at all, from the time a premarket application is submitted. Moreover, the FDA requirements that will govern MCED tests, as well as the breadth and nature of data we must provide the FDA to support the proposed intended use, may be subject to change, and as such it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use. Following FDA approval, we also expect to pursue inclusion of Galleri in the USPSTF's guideline recommendation, although such inclusion is not certain even with FDA approval. In the United Kingdom, we are working with NHS England to complete our NHS-Galleri Trial. The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. We believe our work with the NHS and the data generated from our NHS-Galleri Trial could facilitate adoption in other single-payor systems around the world and support evidence of clinical utility worldwide. We will continue to invest in clinical evidence generation and work with regulatory bodies and payors in our target markets to expand coverage for early cancer screening and to increase access.

- **Defining, leading, and expanding adoption of MCED.** We coined the term "multi-cancer early detection" and will continue to drive MCED as a solution to one of healthcare's most important challenges. Since our inception in 2016, we have established and maintained a leading voice regarding the early detection of multiple cancer types in peer-reviewed literature. As of March 31, 2024, we have published more than 65 manuscripts, including in high profile journals like *The Lancet*, *Nature*, *Nature Medicine*, *Cancer Cell*, and *The Lancet Oncology*. We have also presented our data in more than 20 podium and 190 poster presentations at renowned medical conferences, including AACR, ASCO, ESMO, and AAFP. We fund medical education programs for MCED and intend to continue to educate healthcare providers, as well as key opinion leaders, regulators, professional societies, and policymakers on the clinical benefits and public health impact of MCED. In addition, we believe this market development strategy will drive adoption of our products and further awareness of the benefits of MCED testing generally.
- **Driving cutting edge science and technology to continuously improve existing products and develop new products.** Our methylation platform and extensive technological infrastructure, together with expansive ongoing data collection, will continue to drive improvements to Galleri and enable the development of additional products. Our technology has broad applicability in cancer detection and management, and findings from our SYMPLIFY study demonstrated the potential of our platform to extend beyond asymptomatic screening, into symptomatic detection. We launched our RUO offering, a part of our precision oncology portfolio, in 2023, which has formed the basis of additional biopharmaceutical partnerships to enable further discovery and execution of new development programs. In addition, these partnerships have generated findings that support expansion into precision oncology applications, including pre-and post-treatment prognosis, recurrence detection, and clinical monitoring. We continually seek to enhance the performance of our products through a comprehensive, rigorous approach to ongoing classifier training, improvement of features, and reduced processing time and cost. Further, we plan to improve our products to enhance performance, offerings, scalability, and/or cost of goods. New products, including enhanced versions of current products, will require the completion of certain clinical development and regulatory activities, such as any required non-inferiority studies using data (for example, clinical data and/or real world evidence data obtained through Galleri's current commercial use) and/or bridging studies, which may be agreed upon with regulatory authorities. We will continue to improve our technologies and launch innovative products across the cancer care continuum.
- **Leveraging our existing infrastructure to enable and scale our growing business.** Over the last several years, we have made significant investments to build a scalable infrastructure capable of meeting significant demand while satisfying stringent certification parameters. Our high-capacity laboratories are accredited by the College of American Pathologists ("CAP") and certified by the Clinical Laboratory Improvement Amendments of 1988 ("CLIA") and the New York Department of Health, which represent one of the most rigorous levels of validation required for laboratory developed tests. Our facilities are able to process a substantial number of tests per year. In addition, we engineered custom technology infrastructure and cloud-based tools to enable scalable data collection and analysis capabilities. Our ability to collect, manage, and integrate high-quality genomic and clinical data is central to our business, and our automated laboratory workflows and processes enable high volumes of tests and samples to be processed automatically with high efficiency and speed and low failure rates. As demand for our products increases, we expect to leverage the scale efficiencies of our infrastructure and platform technology, which we believe will positively impact margins over time.
- **Sustaining a patient-first corporate culture that champions diversity.** We have built a multi-disciplinary organization of leading scientists, engineers, and clinicians driven to improve outcomes for cancer patients. In our pursuit to improve cancer care and solve one of healthcare's most important challenges, we intend to grow our diversity among employees and will continue to foster an agile and inclusive environment that is a destination for world-class talent. We believe our mission, values, and leadership attributes all contribute to this vibrant and inclusive culture and serve as a powerful magnet for talent.

**Risk Factors**

Ownership of GRAIL common stock is subject to numerous risks, including risks relating to the Spin-Off. The following list of risk factors is not exhaustive. Please read the information in the section entitled "Risk Factors" beginning on page 31 of this Information Statement for a more thorough description of these and other risks.

**Risks Relating to Our Business and Industry**

- We operate in a rapidly evolving field and have a limited operating history, which make it difficult to evaluate our current business and predict our future performance.
- We have incurred significant net losses in each period since our inception and anticipate that we will continue to incur net losses for the coming years. We incurred net losses of $218.9 million and $193.7 million for the three months ended March 31, 2024 and April 2, 2023, respectively. Our net losses were $1.5 billion, $5.4 billion, $911.5 million and $336.2 million for fiscal year 2023 (which includes $718.5 million in goodwill and intangible impairment), fiscal year 2022 (which includes $4.7 billion in goodwill impairment), the 2021 successor period, and the 2021 predecessor period, respectively, and as of March 31, 2024, we had an accumulated deficit of $8.0 billion.
- Our products or future products may not perform as expected, and the results of our clinical studies may not support the launch or use of our products or future products and may not comply with the requirements, or be replicated in later studies or in the post-market or real-world setting. This could materially and adversely affect our business, financial condition, results of operations, and growth prospects.
- The clinical study process is lengthy and expensive with uncertain outcomes. We have encountered delays and may encounter future delays in, or unexpected data from, our clinical studies, and may therefore be unable to complete our clinical studies on the timelines we expect, if at all.
- A substantial majority of our revenue is generated from sales of Galleri and we are highly dependent on it for our success.
- If our products do not receive adequate coverage and reimbursement from third-party payors, if at all, our ability to expand access to our products beyond our existing sales channels will be limited and our overall commercial success will be limited.
- Our commercial products may fail to achieve the degree of market acceptance necessary for commercial success.
- We may not be able to generate sufficient revenue to offset our ongoing operating expenses and achieve and maintain profitability, and it may be difficult for us to offset the costs of our royalties, including the high-single-digit royalty in perpetuity that we will be required to pay to Illumina or our royalties payable to the Chinese University of Hong Kong.
- We may be unable to develop and commercialize new products, including enhanced versions of current products, and enhanced versions may require non-inferiority studies and/or bridging studies, which may require prior review and agreement from regulatory bodies.
- If similar third-party products are developed and do not perform as intended or cause harm or injury to patients, the market for our products could be impaired.
- If we fail to obtain additional financing, we may be unable to expand our commercialization efforts with respect to Galleri and any other products that we successfully develop and commercialize, or to develop additional products.

- If our products result in direct or indirect participant or patient harm or injury, we could be subject to significant reputational and liability risks, and our reputation, business, financial condition, results of operations, and growth prospects could be materially adversely affected.
- We rely on Illumina as a sole supplier for our next-generation sequencers and associated reagents, Madison Industries ("Madison") (who acquired our blood collection tube manufacturer Streck, Inc. in 2023) as a sole supplier of our blood collection tubes, and Twist Bioscience Corporation ("Twist") as a sole supplier of our DNA panels. Additionally, we rely on a limited number of suppliers for some of our laboratory instruments and reagents, and we may not be able to immediately find replacements if necessary.
- Litigation, regulatory, and other proceedings, including those related to or resulting from the acquisition of our business by Illumina, could lead us to incur significant costs and adversely affect our business, results of operations, financial condition, and prospects.
- We have launched Galleri as a laboratory developed test ("LDT"), and plan to launch DAC as an LDT in the United States. The FDA recently finalized a regulation pursuant to which it plans to subject LDTs to medical device requirements through a phase-out of its historical policy of enforcement discretion over LDTs over a period of four years. The phase-in of medical device requirements to LDTs, including the potential requirement for FDA marketing authorization, will be costly and time-consuming, and if we fail to comply with such requirements, or if we cannot ultimately obtain marketing authorization for our LDTs where required, our business will be substantially harmed.
- The regulatory clearance, approval, or certification processes of the FDA and comparable foreign regulatory authorities or notified bodies are lengthy, time-consuming, and unpredictable. If we are ultimately unable to obtain any necessary or desirable regulatory approvals, clearances, or certifications, or if such approvals, clearances, or certifications are significantly delayed, our business will be substantially harmed.
- Our operations and business depend on various third parties, including information technology, sample collection, processing, transfer facilities, and other patient-facing service providers. Any disruption, failure, or interruption at any of these third parties could materially adversely affect our business, results of operations, financial condition, and growth prospects.
- If we are unable to scale our operations successfully to support demand for our products, our business could suffer.
- Our multi-cancer detection tests are a new approach to cancer screening, which present a number of novel and complex issues for FDA review. Because the FDA has never cleared or approved a multi-cancer detection test, it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use, or if we will be able to obtain such approval on a timely basis or at all.
- If we are unable to obtain and maintain intellectual property protection for our technology, or if the scope of the intellectual property protection we obtain is not sufficiently broad, third parties could develop and commercialize technology and tests similar or identical to ours, and our ability to successfully commercialize our products may be impaired.
- If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.
- If the Distribution does not qualify as a transaction that is tax-free for U.S. federal income tax purposes, Illumina and its stockholders could be subject to significant tax liability.
- We could have an indemnification obligation to Illumina if the Distribution were determined not to qualify for non-recognition treatment for U.S. federal tax purposes, which could materially adversely affect our business, financial condition and results of operations.

- We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Distribution, which may reduce our strategic and operating flexibility.
- We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off, which could materially adversely affect our business, financial condition and results of operations.
- No market for our common stock currently exists and an active trading market may not develop or be sustained after the Spin-Off. Following the Spin-Off our stock price may fluctuate significantly.
- If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.
- Raising additional capital may cause dilution to our existing stockholders, restrict our operations, or require us to relinquish rights to our technologies or our products.
- We are an emerging growth company and the information we provide shareholders may be different from information provided by other public companies, which may result in a less active trading market for our common stock and higher volatility in our stock price.
- Substantial sales of our common stock may occur in connection with the Spin-Off, including the disposition by Illumina of the shares of our common stock that it retains after the Spin-Off, which could cause our stock price to decline.

**The Spin-Off**

Illumina acquired the common stock of GRAIL that it did not own and completed its acquisition of GRAIL on August 18, 2021 (the "Acquisition"). The Acquisition has been subject to various legal challenges, including by the U.S. Federal Trade Commission and the European Commission. Pursuant to the binding Hold Separate Commitments (as defined in the section entitled "The Spin-Off—Background" beginning on page 102 of this Information Statement) that Illumina put in place and the various orders of the European Commission related to its review of the Acquisition, Illumina and GRAIL have operated as independent legal entities that transact at arms' length and the day-to-day operation of GRAIL has remained the sole responsibility of GRAIL's management. On July 12, 2023, the European Commission adopted a final decision finding that Illumina breached the EU Merger Regulation (as defined in the section entitled "The Spin-Off—Background" beginning on page 102 of this Information Statement) by, in its view, acquiring the possibility to exert decisive influence over GRAIL and exerting such influence during the pendency of the European Commission's review. On September 26, 2023, Illumina sought the annulment of this decision. On October 12, 2023, the European Commission adopted a decision (the "EC Divestment Decision") requiring Illumina to (among other things) divest GRAIL. On December 22, 2023, Illumina sought the annulment of the EC Divestment Decision. On April 12, 2024, the European Commission approved a divestment plan (the "Divestment Plan") submitted by Illumina pursuant to which Illumina agreed to divest GRAIL on specified terms. The EC Divestment Decision permits Illumina to retain up to a 14.5% ownership interest in GRAIL. See the section entitled "The Spin-Off—Background" beginning on page 102 of this Information Statement for more detail. On December 17, 2023, Illumina announced that it will divest GRAIL. On , 2024, Illumina announced plans for the separation of GRAIL from Illumina via the Spin-Off.

Immediately prior to the completion of the Spin-Off, GRAIL will be converted into a Delaware corporation and will be renamed GRAIL, Inc. To effect the Spin-Off, Illumina will distribute at least 85.5% of the shares of GRAIL's common stock owned by Illumina to Illumina's stockholders, and GRAIL will become an independent, publicly traded company. Immediately after the Distribution becomes effective, Illumina may retain up to 14.5% of GRAIL's common stock and re-establish the royalty arrangement it previously had in place with GRAIL, which was suspended while GRAIL was owned by Illumina and will continue to be suspended until the earlier of two-and-a-half years or any earlier change of control of GRAIL, at which time royalty payments will resume.

Prior to completion of the Spin-Off, we intend to enter into a Separation and Distribution Agreement and several other agreements with Illumina related to the Spin-Off. These agreements will govern the relationship between Illumina and us after completion of the Spin-Off and allocate between Illumina and us various assets, liabilities and obligations, including those related to employees and compensation and benefits plans and programs and tax-related assets and liabilities. See the section entitled "Certain Relationships and Related Party Transactions" beginning on page 233 of this Information Statement for more detail. No approval of Illumina's stockholders is required in connection with the Spin-Off, and Illumina's stockholders will not have any appraisal rights in connection with the Spin-Off.

Completion of the Spin-Off is subject to the satisfaction, or the waiver by Illumina's board of directors (the "Illumina Board"), of a number of conditions. If the Illumina Board waives any condition prior to the effectiveness of the Registration Statement on Form 10, of which this Information Statement is a part, and the result of such waiver is material to Illumina stockholders, Illumina will file an amendment to the Registration Statement to revise the disclosure in this Information Statement accordingly. In the event that the Illumina Board waives a condition after the Registration Statement on Form 10, of which this Information Statement is a part, becomes effective and such waiver is material to Illumina stockholders, Illumina will communicate such change to Illumina stockholders by filing a Current Report on Form 8-K describing the change.

In addition, Illumina has the right not to complete the Spin-Off if, at any time, the Illumina Board determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Illumina or its stockholders or is otherwise not advisable. If the Spin-Off is not completed for any reason, Illumina and GRAIL will have incurred significant costs related to the Spin-Off, including fees for consultants, financial and legal advisors, accountants and auditors, that will not be recouped. If the Spin-Off is not completed for any reason, the one-time transaction costs will generally be limited to the transaction costs incurred for services rendered as of the date the Spin-Off is abandoned, which will be less than the range noted above. Our management will also have devoted significant time to manage the Spin-Off process, which will decrease the time they will have to manage our business. See the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement for more detail.

**Reasons for the Spin-Off**

In connection with the EC Divestment Decision and with the goal of enhancing stockholder value, the Illumina Board conducted a process through which it considered a range of potential divestment transactions. After evaluating various factors and other considerations, the Illumina Board concluded that the Spin-Off presented the most attractive alternative for enhancing long-term stockholder value while complying with the requirements of the EC Divestment Decision and that proceeding with the Spin-Off would be in the best interests of Illumina and its stockholders.

Among other things, the Illumina Board considered a number of potential benefits of the Spin-Off, including:

- ***Opportunity for continued ownership of GRAIL by Illumina stockholders.*** The Spin-Off will provide Illumina stockholders the opportunity to determine whether they wish to continue to own an interest in GRAIL despite GRAIL's required separation from Illumina.
- ***Distinct and clear financial profiles and compelling investment cases***. Investment in one or the other company may appeal to investors with different goals, interests and expectations. The Spin-Off will allow investors to make independent investment decisions with respect to Illumina and GRAIL and may result in greater alignment between the interests of each company's stockholder base and the characteristics of its respective business, capital structure, and financial results.
- ***Separate capital structures and allocation flexibility***. The Spin-Off will permit each of Illumina and GRAIL to allocate its financial resources to meet the unique needs of its own businesses, which will

allow each company to focus on its distinct strategic priorities and individual business risk and return profiles.

- ***Creation of independent equity securities and increased strategic opportunities***. The Spin-Off will afford Illumina and GRAIL the ability to offer their independent equity securities to the capital markets and enable each standalone company to use its own industry-focused stock to pursue portfolio enhancing acquisitions or other strategic opportunities that are more closely aligned with each company's strategic goals and expected growth opportunities.

The Illumina Board also considered a number of potentially negative factors in evaluating the Spin-Off, including:

- ***Risk of failure to achieve the anticipated benefits of the Spin-Off***. Illumina and GRAIL may not achieve the anticipated benefits of the Spin-Off for a variety of reasons, including, among others: the Spin-Off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our businesses; there may be dis-synergy costs related to the Spin-Off; and following the Spin-Off, each company may be more susceptible to certain economic and market fluctuations and other adverse events than if GRAIL were still a part of Illumina because each company will be less diversified than Illumina prior to the separation.
- ***Limitations on strategic transactions***. Under the terms of the Tax Matters Agreement that GRAIL will enter into with Illumina, GRAIL expects to be restricted from taking certain transactions that could cause the Distribution or certain related transactions to fail to qualify as tax-free transactions under applicable law. These restrictions may limit for a period of time GRAIL's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that otherwise might increase the value of our business.
- ***Disruptions and costs related to the Spin-Off***. The actions required to separate GRAIL from Illumina could disrupt both Illumina's and GRAIL's operations. In addition, Illumina and GRAIL will incur substantial costs in connection with the Spin-Off and GRAIL's transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, and recruiting and relocation costs associated with hiring directors and management who are new to GRAIL.
- ***Uncertainty regarding share prices***. We cannot predict the effect of the Distribution on the trading prices of Illumina's and GRAIL's common stock or know with certainty whether the combined market value of the shares of GRAIL common stock to be distributed per share of Illumina common stock in the Distribution and Illumina's common stock following the Distribution will be less than, equal to, or greater than the market value of the shares of Illumina's common stock prior to the Distribution. Furthermore, there is the risk of volatility in each company's stock price following the Distribution due to sales by certain stockholders whose investment objectives may not be met by each company's common stock, and it may take time for each company to attract its optimal stockholder base.

Notwithstanding these costs and risks, the anticipated costs of which are not reasonably quantifiable, and considering the factors discussed above, the Illumina Board determined that the Spin-Off provided the best opportunity to achieve the above benefits and enhance stockholder value. Neither Illumina nor GRAIL can assure you that, following the Spin-Off, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For additional information, see the sections entitled "Risk Factors" and "The Spin-Off—Reasons for the Spin-Off" beginning on pages 31 and 104, respectively, of this Information Statement.

**Emerging Growth Company Status**

We are an "emerging growth company," as defined by the Jumpstart Our Business Startups Act of 2012. We will continue to be an emerging growth company until the earliest to occur of the following:

- the last day of the fiscal year in which our total annual gross revenues first meet or exceed $1.235 billion (as adjusted for inflation);
- the date on which we have, during the prior three-year period, issued more than $1.0 billion in non-convertible debt;
- the last day of the fiscal year in which we (i) have an aggregate worldwide market value of common stock held by non-affiliates of $700 million or more (measured at the end of each fiscal year) as of the last business day of our most recently completed second fiscal quarter and (ii) have been a reporting company under the Securities Exchange Act of 1934 (the "Exchange Act"), for at least one year (and have filed at least one annual report under the Exchange Act); or
- the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act of 1933.

For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002, exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies, reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, and exemptions from the requirement of holding a nonbinding advisory vote on executive compensation and stockholder approval on golden parachute compensation not previously approved. We may choose to take advantage of some or all of these reduced burdens. For example, we have taken advantage of the reduced disclosure obligations regarding executive compensation in this Information Statement. For as long as we take advantage of the reduced reporting obligations, the information we provide stockholders may be different from information provided by other public companies. In addition, it is possible that some investors will find our common stock less attractive as a result of these elections, which may result in a less active trading market for our common stock and higher volatility in the price of our common stock.

We have elected to not take advantage of the extended transition period that allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies, which means that the financial statements included in this Information Statement, as well as financial statements we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies. Our election not to take advantage of the extended transition period is irrevocable.

**Other Information**

We are a Delaware limited liability company. Immediately prior to the completion of the Spin-Off, we will be converted into a Delaware corporation and change our name to GRAIL, Inc. Our headquarters are located in Menlo Park and our principal executive offices are located at 1525 O'Brien Drive, Menlo Park, California 94025. Our telephone number is (833) 694-2553. Our website address is https://grail.com. Information contained on, or connected to, our website or Illumina's website does not and will not constitute part of this Information Statement or the Registration Statement on Form 10, of which this Information Statement is a part, or any other filings with, or any information furnished or submitted to, the Securities and Exchange Commission (the "SEC").

**Reasons for Furnishing This Information Statement**

We are furnishing this Information Statement solely to provide information to Illumina's stockholders who will receive shares of our common stock in the Distribution. Illumina's stockholders are not required to vote on the Distribution. Therefore, you are not being asked for a proxy and you are not required to send a proxy to Illumina. You do not need to pay any consideration, exchange or surrender your existing shares of Illumina common stock or take any other action to receive your shares of GRAIL common stock to which you are entitled in the Spin-Off. You should not construe this Information Statement as an inducement or encouragement to buy, hold or sell any of our securities or any securities of Illumina. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and neither we nor Illumina undertake any obligation to update the information except in the normal course of our and Illumina's respective public disclosure obligations and practices.

## QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

The following provides only a summary of certain information regarding the Spin-Off. You should read this Information Statement in its entirety for a more detailed description of the matters described below.

***Q: Why am I receiving this Information Statement?***

A: Illumina is making this Information Statement available to you because you are a holder of shares of Illumina common stock. If you are a holder of shares of Illumina common stock as of the Record Date (as defined below), for every six shares of Illumina common stock that you hold as of the Record Date, you will be entitled to receive one share of GRAIL common stock. This Information Statement is intended to help you understand how the Spin-Off will affect your post-Distribution ownership in each of Illumina and GRAIL.

***Q: What is the Spin-Off?***

A: The Spin-Off is the method by which we will separate from Illumina. In the Spin-Off, Illumina will distribute to its stockholders at least 85.5% of the outstanding shares of our common stock owned by Illumina in a transaction (the "Distribution"). Following the Spin-Off, we will be an independent, publicly traded company, and Illumina may retain up to 14.5% ownership interest in us. Illumina will continue as an independent, publicly traded company.

***Q: Will the number of Illumina shares I own change as a result of the Spin-Off?***

A: No, the number of shares of Illumina common stock you own will not change as a result of the Spin-Off.

***Q: What are the reasons for the Spin-Off?***

A: In connection with the EC Divestment Decision and with the goal of enhancing stockholder value, the Illumina Board conducted a process through which it considered a range of potential divestment transactions. After evaluating various factors and other considerations, the Illumina Board concluded that the Spin-Off presented the most attractive alternative for enhancing long-term stockholder value while complying with the requirements of the EC Divestment Decision and that proceeding with the Spin-Off would be in the best interests of Illumina and its stockholders.

Among other things, the Illumina Board considered a number of potential benefits of the Spin-Off, including:

- ***Opportunity for continued ownership of GRAIL by Illumina stockholders.*** The Spin-Off will provide Illumina stockholders the opportunity to determine whether they wish to continue to own an interest in GRAIL despite GRAIL's required separation from Illumina.
- ***Distinct and clear financial profiles and compelling investment cases***. Investment in one or the other company may appeal to investors with different goals, interests and expectations. The Spin-Off will allow investors to make independent investment decisions with respect to Illumina and GRAIL and may result in greater alignment between the interests of each company's stockholder base and the characteristics of its respective business, capital structure, and financial results.
- ***Separate capital structures and allocation flexibility***. The Spin-Off will permit each of Illumina and GRAIL to allocate its financial resources to meet the unique needs of its own businesses, which will allow each company to focus on its distinct strategic priorities and individual business risk and return profiles.

- ***Creation of independent equity securities and increased strategic opportunities***. The Spin-Off will afford Illumina and GRAIL the ability to offer their independent equity securities to the capital markets and enable each standalone company to use its own industry-focused stock to pursue portfolio enhancing acquisitions or other strategic opportunities that are more closely aligned with each company's strategic goals and expected growth opportunities.

The Illumina Board also considered a number of potentially negative factors in evaluating the Spin-Off. Notwithstanding these costs and risks, the anticipated costs of which are not reasonably quantifiable, and considering the factors discussed above, the Illumina Board determined that the Spin-Off provided the best opportunity to achieve the above benefits and enhance stockholder value. Neither Illumina nor GRAIL can assure you that, following the Spin-Off, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For additional information, see the sections entitled "Risk Factors" and "The Spin-Off—Reasons for the Spin-Off" beginning on pages 31 and 104, respectively, of this Information Statement.

***Q: Why is the separation of GRAIL structured as a spin-off?***

A: Illumina believes that a tax-free distribution of our shares is the most efficient way to separate our business from Illumina in a manner that will achieve the above benefits.

***Q: What will I receive in the Spin-Off in respect of my shares of Illumina common stock?***

A: As a holder of Illumina common stock, for every six shares of Illumina common stock you hold on the Record Date, you will receive a dividend of one share of GRAIL common stock. The distribution agent will distribute only whole shares of our common stock in the Spin-Off. See "—How will fractional shares be treated in the Distribution?" beginning on page 21 of this Information Statement for more information on the treatment of the fractional shares you may be entitled to receive in the Distribution. Your proportionate interest in Illumina will not change as a result of the Spin-Off.

***Q: What is being distributed in the Spin-Off?***

A: Based on approximately 159.3 million shares of Illumina common stock outstanding as of April 26, 2024, and assuming that Illumina retains a 14.5% ownership interest in us, a total of approximately 26.6 million shares of GRAIL common stock will be distributed to Illumina's stockholders and approximately 4.5 million shares of GRAIL common stock will be retained by Illumina. The actual number of shares of our common stock that Illumina will distribute will depend on the total number of shares of Illumina common stock outstanding on the Record Date. The shares of our common stock that Illumina distributes will constitute at least 85.5% of the issued and outstanding shares of our common stock immediately prior to the Distribution. For more information on the shares being distributed in the Spin-Off, see the section entitled "Description of Our Capital Stock—Common Stock" beginning on page 238 of this Information Statement.

***Q: What is the record date for the Distribution?***

A: Illumina will determine record ownership as of the close of business on , 2024 (the "Record Date").

***Q: When will the Distribution occur?***

A: The Distribution will be effective as of , New York City time, on , 2024 (the "Distribution Date"). On or shortly after the Distribution Date, the whole shares of our common stock will be credited in book-entry accounts for Illumina stockholders entitled to receive the shares in the

Distribution. See "—How will Illumina distribute shares of our common stock?" beginning on page 20 of this Information Statement for more information on how to access your book-entry account or your bank, brokerage or other account holding the GRAIL common stock you receive in the Distribution on and following the Distribution Date.

***Q: What do I have to do to participate in the Distribution?***

A: All holders of Illumina common stock as of the Record Date will participate in the Distribution. You are not required to take any action in order to participate, but we urge you to read this Information Statement carefully. Holders of Illumina common stock on the Record Date will not need to pay any cash or deliver any other consideration, including any shares of Illumina common stock, in order to receive shares of our common stock in the Distribution. In addition, no stockholder approval of the Distribution is required. We are not asking you for a vote and request that you do not send us a proxy card.

***Q: If I sell my shares of Illumina common stock on or before the Distribution Date, will I still be entitled to receive shares of GRAIL common stock in the Distribution?***

A: If you sell your shares of Illumina common stock before the Record Date, you will not be entitled to receive shares of GRAIL common stock in the Distribution. If you hold shares of Illumina common stock on the Record Date and decide to sell them on or before the Distribution Date, you may be able to choose to sell your Illumina common stock with or without your entitlement to the GRAIL common stock to be distributed in the Spin-Off. You are encouraged to consult with your bank, broker or other nominee, as applicable, and your financial advisor regarding your options and the specific implications of selling your shares of Illumina common stock prior to or on the Distribution Date. See the section entitled "The Spin-Off—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement for more information.

***Q: Is the completion of the Spin-Off subject to the satisfaction or waiver of any conditions?***

A: Yes, the completion of the Spin-Off is subject to the satisfaction, or the Illumina Board's waiver, of the following conditions:

- the Illumina Board shall have authorized and approved the Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of our common stock to Illumina stockholders;
- the ancillary agreements contemplated by the Separation and Distribution Agreement shall have been executed by each party to those agreements;
- our common stock shall have been accepted for listing on the Nasdaq Global Select Market ("Nasdaq"), or another national securities exchange approved by Illumina, subject to official notice of issuance;
- the SEC shall have declared effective our Registration Statement on Form 10, of which this Information Statement is a part, under the Exchange Act, and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;
- the continuing effectiveness and validity of Illumina's private letter ruling from the U.S. Internal Revenue Service ("IRS") and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP each substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

- no law issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution shall be in effect, and no other event outside the control of Illumina shall have occurred or failed to occur that prevents the consummation of the Distribution;
- no other events or developments shall have occurred prior to the Distribution Date that, in the judgment of the Illumina Board, would make it inadvisable to effect the Distribution or would result in the Distribution not being in the best interests of Illumina or its stockholders;
- prior to the Distribution Date, notice of Internet availability of this Information Statement or this Information Statement shall have been mailed to the holders of Illumina common stock as of the Record Date;
- Illumina shall have duly elected as members of our post-Distribution Board of Directors (the "Board"), the individuals listed in this Information Statement, and such individuals shall be the members of our Board immediately after the Distribution; and
- immediately prior to the Distribution Date, our Certificate of Conversion, Certificate of Incorporation, and Bylaws, each in substantially the form filed as an exhibit to the Registration Statement on Form 10, of which this Information Statement is a part, shall be in effect.

Illumina and GRAIL cannot assure you that any or all of these conditions will be met, or that the Distribution will be consummated even if all of the conditions are met. Illumina may at any time prior to the Distribution Date decide to abandon the Distribution or modify or change the terms of the Distribution, subject to the terms of the Separation and Distribution Agreement. If the Illumina Board waives any condition prior to the effectiveness of the Registration Statement on Form 10, of which this Information Statement is a part, and the result of such waiver is material to Illumina stockholders, Illumina will file an amendment to the Registration Statement to revise the disclosure in this Information Statement accordingly. In the event that the Illumina Board waives a condition after the Registration Statement on Form 10, of which this Information Statement is a part, becomes effective and such waiver is material to Illumina stockholders, Illumina will communicate such change to Illumina stockholders by filing a Current Report on Form 8-K describing the change. For a complete discussion of the conditions to the Distribution, see the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement.

***Q: Can Illumina decide to cancel the Distribution even if all the conditions have been satisfied?***

A: Yes. The Illumina Board may, in its sole discretion, subject to the terms of the Separation and Distribution Agreement, and at any time prior to the Distribution Date, decide to terminate or abandon the Distribution even if all the conditions to the Distribution have been satisfied if the Illumina Board determines that the Distribution is not in the best interests of Illumina or its stockholders or is otherwise not advisable. For a more detailed description, see the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement.

***Q: How will Illumina distribute shares of our common stock?***

A: *Registered stockholders.* If you are a registered stockholder (meaning you own your shares of Illumina common stock directly through Illumina's transfer agent, Computershare Trust Company, N.A. ("Computershare")), our distribution agent will credit the whole shares of our common stock you receive in the Distribution to a new book-entry account with our transfer agent, Computershare, on or shortly after the Distribution Date. Our distribution agent will mail you a book-entry account statement that reflects the number of whole shares of our common stock you own. You will be able to access information regarding

your book-entry account holding the GRAIL shares at www.computershare.com/us.com or www-us.computershare.com/Investor/#Home or by calling +1 (781) 575 2879 or (877) 373 6374 (toll free).

*"Street name" or beneficial stockholders.* If you own your shares of Illumina common stock beneficially through a bank, broker or other nominee, your bank, broker or other nominee will credit your account with the whole shares of our common stock you receive in the Distribution on or shortly after the Distribution Date. Please contact your bank, broker or other nominee for further information about your account.

We will not issue any physical stock certificates to any stockholders, even if requested. See the section entitled "The Spin-Off—When and How You Will Receive GRAIL Shares" beginning on page 106 of this Information Statement for a more detailed explanation.

***Q: How will fractional shares be treated in the Distribution?***

A: The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of Illumina stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). We anticipate that the distribution agent will make these sales in the "when-issued" market, and "when-issued" trades will generally settle within one trading day following the Distribution Date. See "—How will GRAIL common stock trade?" beginning on page 22 of this Information Statement for additional information regarding "when-issued" trading and the section entitled "The Spin-Off—Treatment of Fractional Shares" beginning on page 107 of this Information Statement for a more detailed explanation of the treatment of fractional shares. The distribution agent will, in its sole discretion, without any influence by Illumina or us, determine when, how, through which broker-dealer and at what price to sell the whole shares of GRAIL common stock. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either Illumina or us.

***Q: What are the U.S. federal income tax consequences to me of the Distribution?***

A: Illumina has received a private letter ruling from the IRS substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code. The completion of the Spin-Off is conditioned on, among other things, the continuing effectiveness and validity of Illumina's private letter ruling and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP. If the Spin-Off qualifies for such treatment, for U.S. federal income tax purposes, no gain or loss will be recognized by, or be includible in the income of, a U.S. Holder (as defined in the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 108 of this Information Statement) as a result of the Distribution, except with respect to any cash received by Illumina stockholders in lieu of fractional shares. After the Distribution, Illumina stockholders generally should allocate their aggregate tax basis in their Illumina common stock held immediately before the Distribution between their Illumina common stock and our common stock in proportion to their relative fair market values on the date of the Distribution (subject to certain adjustments). See the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 108 of this Information Statement for more information regarding the potential tax consequences to you of the Spin-Off.

We urge you to consult your tax advisor as to the specific tax consequences of the Distribution to you, including the effect of any U.S. federal, state, local or foreign tax laws and of changes in applicable tax laws.

***Q: Does GRAIL intend to pay cash dividends?***

A: We do not anticipate paying any cash dividends in the foreseeable future. We currently anticipate that we will retain all available funds for use in the operation and expansion of our business. Any future determination to pay dividends on our common stock will be made at the discretion of the Board and will depend upon, among other factors, our financial condition, results from operations, current and anticipated cash needs, plans for expansion, and other factors that our Board may deem relevant. We cannot assure you that we will pay a dividend in the future or continue to pay any dividend if we do commence paying dividends. See the section entitled "Dividend Policy" beginning on page 115 of this Information Statement for more information.

***Q: How will GRAIL common stock trade?***

A: Currently, there is no public market for our common stock. We intend to list our common stock on Nasdaq under the ticker symbol "GRAL."

We anticipate that trading in our common stock will begin on a "when-issued" basis on or shortly before the Record Date for the Distribution and will continue up to and including the Distribution Date. "When-issued" trading in the context of a spin-off refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. "When-issued" trades generally settle within one trading day after the Distribution Date. On the first trading day following the Distribution Date, any "when-issued" trading of our common stock will end and "regular-way" trading will begin. "Regular-way" trading refers to trading after the security has been distributed and typically involves a trade that settles on the second full trading day following the date of the trade. See the section entitled "The Spin-Off—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement for more information. We cannot predict the trading prices for our common stock before, on or after the Distribution Date.

***Q: What will happen to the listing of Illumina's common stock?***

A: Illumina's common stock will continue to trade on Nasdaq under the ticker symbol "ILMN" after the Distribution.

***Q: Will the Spin-Off affect the trading price of my Illumina common stock?***

A: We expect the trading price of shares of Illumina common stock immediately following the Distribution to be lower than the trading price immediately prior to the Distribution because the trading price will no longer reflect the value of GRAIL. Furthermore, until the market has fully analyzed the value of Illumina without GRAIL, the trading price of shares of Illumina common stock may fluctuate and result in a higher volatility in the price of our common stock. There can be no assurance that, following the Distribution, the combined trading prices of the Illumina common stock and the GRAIL common stock will equal or exceed what the trading price of Illumina common stock would have been in the absence of the Spin-Off.

It is possible that, after the Spin-Off, the combined equity value of Illumina and GRAIL will be less than Illumina's equity value before the Spin-Off.

***Q: What will happen to Illumina's equity incentive awards in connection with the Spin-Off?***

A: We expect that each Illumina equity incentive award outstanding as of the Distribution Date held by directors and employees that will continue at Illumina will remain outstanding and continue to be subject to the same terms and conditions following the Distribution Date, but with adjustments to the number of shares of Illumina common stock subject to such award in order to preserve its value. We expect that each Illumina

equity incentive award held by current or former GRAIL employees that is outstanding immediately prior to the Distribution Date will be assumed by GRAIL and converted into a GRAIL equity award denominated in shares of GRAIL common stock, but with adjustments to the number of shares of GRAIL common stock subject to such award in order to preserve its value.

***Q: What will happen to GRAIL's cash-based equity incentive awards in connection with the Spin-Off?***

A: Each GRAIL cash-based equity incentive award (each, a "Cash-Based Equity Award") outstanding as of the Distribution Date will convert into an equity-based award that settles in shares of GRAIL common stock, with the number of shares subject to such award generally determined based on the value of the award (with certain adjustments) at the time of the Distribution, compared to the market capitalization of GRAIL for the four trading days following the Distribution, and will otherwise continue to be subject to the same terms and conditions following the Distribution Date (each such converted award, a "GRAIL RSU"). For additional information regarding such conversion methodology, see the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina—Employee Matters Agreement" beginning on page 234 of this Information Statement.

***Q: What will GRAIL's relationship be with Illumina following the Spin-Off?***

A: Following the Distribution, GRAIL and Illumina will be separate companies with separate management teams and separate boards of directors and Illumina may retain up to 14.5% of the outstanding shares of our common stock. GRAIL will enter into a separation and distribution agreement with Illumina to effect the separation and provide a framework for the relationship between GRAIL and Illumina after the Spin-Off (the "Separation and Distribution Agreement"), and will enter into certain other agreements, including a Tax Matters Agreement (as defined below), an Employee Matters Agreement (as defined below), and a Stockholder and Registration Rights Agreement (as defined below) with respect to Illumina's continuing ownership of GRAIL common stock. These agreements will allocate between GRAIL and Illumina the obligations of Illumina and its subsidiaries attributable to periods prior to, at and after the Distribution and govern the relationship between GRAIL and Illumina following the Spin-Off. In addition to the aforementioned agreements, we are also currently party to, or intend to enter into, various other agreements with Illumina and its subsidiaries, including a supply and commercialization agreement and license agreements. For additional information regarding the Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, and Stockholder and Registration Rights Agreement, see the sections entitled "Risk Factors—Risks Relating to the Spin-Off" and "Certain Relationships and Related Party Transactions" beginning on pages 90 and 233, respectively, of this Information Statement.

***Q: How will Illumina vote any shares of GRAIL common stock it retains?***

A: Illumina is expected to agree to vote any shares of GRAIL common stock that it retains in proportion to the votes cast by GRAIL's other stockholders and is expected to grant GRAIL a proxy to vote its shares of GRAIL common stock in such proportion. For additional information on these voting arrangements, see "Certain Relationships and Related Party Transactions—Agreements with Illumina—Stockholder and Registration Rights Agreement" beginning on page 235 of this Information Statement.

***Q: What does Illumina intend to do with any shares of GRAIL common stock it retains?***

A: Illumina's plan to potentially distribute less than all of GRAIL's common stock to its stockholders in the Spin-Off is motivated by its desire to establish an appropriate capital structure for each of GRAIL and Illumina, including by strengthening Illumina's balance sheet or reducing Illumina's indebtedness, in any case directly or indirectly, following the Spin-Off. The IRS private letter ruling requires that all retained shares be sold or otherwise disposed of by Illumina as soon as warranted consistent with the business reasons for the retention of those shares, but in no event later than five years after the Distribution. Such dispositions could include a sale of its shares for cash, distributions of GRAIL common stock to Illumina

stockholders or securityholders as dividends or in exchange for outstanding shares of Illumina common stock, indebtedness or other securities, or any combination thereof.

***Q: Who will manage GRAIL following the Spin-Off?***

A: GRAIL is led by Robert Ragusa, who is GRAIL's Chief Executive Officer, and Aaron Freidin, who is GRAIL's Chief Financial Officer. For more information regarding GRAIL's directors and management, see the section entitled "Management" beginning on page 213 of this Information Statement.

***Q: Do I have appraisal rights in connection with the Spin-Off?***

A: No. Holders of Illumina common stock are not entitled to appraisal rights in connection with the Spin-Off.

***Q: Who is the transfer agent and registrar for GRAIL common stock?***

A: Computershare is the transfer agent and registrar for GRAIL common stock.

***Q: Are there risks associated with owning shares of GRAIL common stock?***

A: Yes. Our business faces both general and specific risks and uncertainties. Our business also faces risks relating to the Spin-Off. Following the Spin-Off, we will also face risks associated with being an independent, publicly traded company. Accordingly, you should read carefully the information set forth in the section entitled "Risk Factors" beginning on page 31 of this Information Statement.

***Q: Where can I get more information?***

A: If you have any questions relating to the mechanics of the Distribution, you should contact the distribution agent at:

Computershare Trust Company, N.A.
150 Royall Street
Canton, MA 02021
Phone: (877) 373-6374
Email: web.queries@computershare.com

Before the Spin-Off, if you have any questions relating to the Spin-Off, you should contact Illumina at:

Illumina, Inc.
5200 Illumina Way
San Diego, CA 92122
Phone: (858) 202-4500
Email: ir@illumina.com

After the Spin-Off, if you have any questions relating to GRAIL, you should contact us at:

GRAIL, Inc.
1525 O'Brien Drive
Menlo Park, California 94025
Phone: (833) 694-2553
Email: ir@grail.com

A link to our investor relations website and additional contact information will be made available at https://grail.com. Information contained on, or connected to, our website does not and will not constitute part of this Information Statement or the Registration Statement on Form 10, of which this Information Statement is a part, or any other filings with, or any information furnished or submitted to, the SEC.

| | SUMMARY OF THE SPIN-OFF |
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| Distributing Company | Illumina, Inc., or "Illumina," a Delaware corporation that holds all of our common stock issued and outstanding prior to the Distribution. After the Distribution, Illumina will own up to 14.5% of the shares of our common stock. |
| Distributed Company | GRAIL, LLC, or "GRAIL," a Delaware limited liability company and a wholly owned subsidiary of Illumina. Immediately prior to the completion of the Spin-Off, GRAIL will be converted into a Delaware corporation and will be renamed GRAIL, Inc. After the Spin-Off, we will be an independent, publicly traded company. |
| Distributed Securities | At least 85.5% of the shares of our common stock owned by Illumina, which will be at least 85.5% of our common stock issued and outstanding immediately prior to the Distribution. Illumina may retain up to 14.5% of the outstanding shares of GRAIL's common stock. The IRS private letter ruling requires that all retained shares be sold or otherwise disposed of by Illumina as soon as warranted consistent with the business reasons for the retention of those shares, but in no event later than five years after the Distribution. Such dispositions could include a sale of its shares for cash, distributions of GRAIL common stock to Illumina stockholders or securityholders as dividends or in exchange for outstanding shares of Illumina common stock, indebtedness or other securities, or any combination thereof. Based on the approximately 159.3 million shares of Illumina common stock outstanding on April 26, 2024, and applying the distribution ratio pursuant to which, for every six shares of Illumina common stock outstanding, one share of GRAIL common stock will be distributed, approximately 26.6 million shares of GRAIL common stock will be distributed in the aggregate.<br><br>In connection with the Spin-Off, each Cash-Based Equity Award outstanding as of the Distribution Date will convert into GRAIL RSUs. |
| Record Date | The Record Date is the close of business on , 2024. |
| Distribution Date | The Distribution Date is , 2024. |
| Distribution Ratio | For every six shares of Illumina common stock each Illumina stockholder holds on the Record Date, such stockholder will receive one share of our common stock. The distribution agent will distribute only whole shares of our common stock in the Spin-Off. See the section entitled "The Spin-Off—Treatment of Fractional Shares" beginning on page 107 of this Information Statement for more detail. Please note that if you sell your shares of Illumina common stock on or before the Distribution Date, the buyer of those shares may in some circumstances be entitled to receive the shares of our common stock to be distributed in respect of the Illumina shares that you sold. For more information, see the section entitled "The |

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| | Spin-Off—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement. |
| The Distribution | On the Distribution Date, Illumina will release the shares of our common stock to the distribution agent to distribute to Illumina stockholders. Illumina will distribute our shares in book-entry form and thus we will not issue any physical stock certificates. You will not be required to make any payment, surrender or exchange your shares of Illumina common stock or take any other action to receive your shares of our common stock. |
| Fractional Shares | The distribution agent will not distribute any fractional shares of our common stock to Illumina stockholders. Instead, the distribution agent will first aggregate fractional shares into whole shares, then sell the whole shares in the open market at prevailing market prices on behalf of Illumina stockholders entitled to receive a fractional share, and finally distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). If you receive cash in lieu of fractional shares, you will not be entitled to any interest on the payments. The cash you receive in lieu of fractional shares generally will, for U.S. federal income tax purposes, be taxable as described under the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 108 of this Information Statement. |
| Conditions to the Spin-Off | Completion of the Spin-Off is subject to the satisfaction, or the Illumina Board's waiver, of the following conditions:<br>• the Illumina Board shall have authorized and approved the Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of our common stock to Illumina stockholders;<br>• the ancillary agreements contemplated by the Separation and Distribution Agreement shall have been executed by each party to those agreements;<br>• our common stock shall have been accepted for listing on Nasdaq or another national securities exchange approved by Illumina, subject to official notice of issuance;<br>• the SEC shall have declared effective our Registration Statement on Form 10, of which this Information Statement is a part, under the Exchange Act, and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;<br>• the continuing effectiveness and validity of Illumina's private letter ruling from the IRS and the receipt and continuing effectiveness and validity of a favorable written opinion of |

Cravath, Swaine & Moore LLP each substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code;

- no law issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution shall be in effect, and no other event outside the control of Illumina shall have occurred or failed to occur that prevents the consummation of the Distribution;
- no other events or developments shall have occurred prior to the Distribution Date that, in the judgment of the Illumina Board, would make it inadvisable to effect the Distribution or would result in the Distribution not being in the best interests of Illumina or its stockholders;
- prior to the Distribution Date, notice of Internet availability of this Information Statement or this Information Statement shall have been mailed to the holders of Illumina common stock as of the Record Date;
- Illumina shall have duly elected the individuals to be listed as members of our post-Distribution Board in this Information Statement, and such individuals shall be the members of our Board immediately after the Distribution; and
- immediately prior to the Distribution Date, our Certificate of Conversion, Certificate of Incorporation, and Bylaws, each in substantially the form filed as an exhibit to the Registration Statement on Form 10, of which this Information Statement is a part, shall be in effect.

The fulfillment of the foregoing conditions will not create any obligation on the part of Illumina to complete the Spin-Off. If the Illumina Board waives any condition prior to the effectiveness of the Registration Statement on Form 10, of which this Information Statement is a part, and the result of such waiver is material to Illumina stockholders, Illumina will file an amendment to the Registration Statement to revise the disclosure in this Information Statement accordingly. In the event that the Illumina Board waives a condition after the Registration Statement on Form 10, of which this Information Statement is a part, becomes effective and such waiver is material to Illumina stockholders, Illumina will communicate such change to Illumina stockholders by filing a Current Report on Form 8-K describing the change. For a complete discussion of the conditions to the Distribution, see the section entitled “The Spin-Off—Conditions to the Spin-Off” beginning on page 113 of this Information Statement.

In addition, Illumina has the right not to complete the Spin-Off if, at any time, the Illumina Board determines, in its sole and absolute

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| | discretion, subject to the terms of the Separation and Distribution Agreement, that the Spin-Off is not in the best interests of Illumina or its stockholders, or is otherwise not advisable. If the Spin-Off is not completed for any reason, Illumina and GRAIL will have incurred significant costs related to the Spin-Off, including fees for consultants, financial and legal advisors, accountants and auditors, that will not be recouped. If the Spin-Off is not completed for any reason, the one-time transaction costs will generally be limited to the transaction costs incurred for services rendered as of the date the Spin-Off is abandoned, which will be less than the range noted above. Our management will also have devoted significant time to manage the Spin-Off process, which will decrease the time they will have to manage the business of GRAIL. |
| Trading Market and Ticker Symbol | We intend to file an application to list our common stock on Nasdaq under the ticker symbol "GRAL." We anticipate that, on or shortly before the Record Date, trading of shares of our common stock will begin on a "when-issued" basis and will continue up to and including the Distribution Date, and we expect that "regular-way" trading of our common stock will begin the first trading day after the Distribution Date.<br><br>We also anticipate that, on or shortly before the Record Date, there will be two markets in Illumina common stock: (i) a "regular-way" market on which shares of Illumina common stock will trade with an entitlement for the purchaser of Illumina common stock to receive shares of our common stock to be distributed in the Distribution, and (ii) an "ex-distribution" market on which shares of Illumina common stock will trade without an entitlement for the purchaser of Illumina common stock to receive shares of our common stock. For more information, see the section entitled "The Spin-Off—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement. |
| Tax Consequences to Illumina Stockholders | Illumina has received a private letter ruling from the IRS substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code. The completion of the Spin-Off is conditioned on, among other things, the continuing effectiveness and validity of Illumina's private letter ruling and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP. If the Spin-Off qualifies for such treatment, for U.S. federal income tax purposes, no gain or loss will be recognized by, or be includible in the income of, a U.S. Holder (as defined in the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 108 of this Information Statement) as a result of the Distribution, except with respect to any cash received by |

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| | Illumina stockholders in lieu of fractional shares. After the Distribution, Illumina stockholders generally should allocate their aggregate tax basis in their Illumina common stock held immediately before the Distribution between their Illumina common stock and our common stock in proportion to their relative fair market values on the date of the Distribution (subject to certain adjustments). See the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 108 of this Information Statement for more information regarding the potential tax consequences to you of the Spin-Off.<br><br>We urge you to consult your tax advisor as to the specific tax consequences of the Distribution to you, including the effect of any U.S. federal, state, local or foreign tax laws and of changes in applicable tax laws. |
| Relationship with Illumina After the Spin-Off | Following the Distribution, Illumina may retain up to 14.5% of the outstanding shares of our common stock. The IRS private letter ruling requires that all retained shares be sold or otherwise disposed of by Illumina as soon as warranted consistent with the business reasons for the retention of those shares, but in no event later than five years after the Distribution. Such dispositions could include a sale of its shares for cash, distributions of GRAIL common stock to Illumina stockholders or securityholders as dividends or in exchange for outstanding shares of Illumina common stock, indebtedness or other securities, or any combination thereof. We intend to enter into several agreements with Illumina related to the Spin-Off, which will govern the relationship between Illumina and us after completion of the Spin-Off and allocate between Illumina and us various assets, liabilities, rights and obligations. These agreements include:<br><br>• a Separation and Distribution Agreement that will set forth Illumina's and our agreements regarding the principal actions that both parties will take in connection with the Spin-Off and aspects of our relationship following the Spin-Off;<br><br>• a Tax Matters Agreement that will govern the respective rights, responsibilities and obligations of Illumina and us after the Spin-Off with respect to all tax matters and will include restrictions to preserve the tax-free status of the Distribution;<br><br>• an Employee Matters Agreement that will address employment, compensation, and benefits matters, including the allocation and treatment of assets and liabilities relating to employees and compensation and benefits plans and programs in which our employees participate, as well as the treatment of the Cash-Based Equity Awards in connection with the Spin-Off; and<br><br>• a Stockholder and Registration Rights Agreement that will govern the respective rights, responsibilities and obligations of Illumina and us after the Spin-Off with respect to Illumina's continuing ownership of GRAIL common stock. |

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| | In addition to the above agreements, we are also currently party to, or intend to enter into, various other agreements with Illumina and its subsidiaries, including a supply and commercialization agreement and license agreements. We describe these arrangements in greater detail under the section entitled "Certain Relationships and Related Party Transactions" beginning on page 233 of this Information Statement and describe some of the risks of these arrangements under the section entitled "Risk Factors—Risks Relating to the Spin-Off" beginning on page 90 of this Information Statement. |
| Dividend Policy | We do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends on our common stock will be made at the discretion of our Board and will depend upon certain factors. For more information, see the section entitled "Dividend Policy." |
| Transfer Agent | Computershare Trust Company, N.A. ("Computershare"). |
| Risk Factors | Our business faces both general and specific risks and uncertainties. Our business also faces risks relating to the Spin-Off. Following the Spin-Off, we will also face risks associated with being an independent, publicly traded company. Accordingly, you should read carefully the information set forth under the section entitled "Risk Factors" beginning on page 31 of this Information Statement. |

## RISK FACTORS

*You should carefully consider the following risks and other information in this Information Statement in evaluating GRAIL and GRAIL common stock. Any of the following risks and uncertainties could materially adversely affect our business, financial condition, and results of operations. The following risks have generally been separated into five groups: risks relating to our business and industry, risks relating to regulation and legal compliance, risks relating to intellectual property, risks relating to the Spin-Off, and risks relating to our common stock. References to "we," "our," "us," and words of similar import in this section refer to GRAIL and, unless otherwise specified, its consolidated subsidiaries.*

### Risks Relating to Our Business and Industry

***We operate in a rapidly evolving field and have a limited operating history, which makes it difficult to evaluate our current business and predict our future performance.***

We operate in a rapidly evolving field and, having commenced operations in January 2016, have a limited operating history. We completed our first sale of our multi-cancer early detection test, Galleri, in mid-2021 and our other products and products in development have an even more limited history, with most still not in commercial distribution. We have funded our operations to date primarily with the proceeds from the sale of equity securities and capital contributions from Illumina and, to a lesser extent, revenue derived from sales of Galleri and biopharmaceutical business revenue. Our short operating history as a company, evolving business strategies, and rapid growth may make it difficult to evaluate our current business or our future success and the risks and challenges we may encounter, and may increase the risk that we will not continue to grow at or near historical rates.

If we fail to address the risks and difficulties that we face, including those described elsewhere in this "Risk Factors" section, our business, financial condition, results of operations, and growth prospects could be materially adversely affected. We have encountered in the past, and expect to encounter in the future, risks and difficulties frequently experienced by companies with limited operating histories in new and rapidly evolving fields. If our assumptions regarding these risks and difficulties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks and difficulties, our results of operations could differ materially from our expectations and our business, financial condition, results of operations, and growth prospects could be adversely affected.

***We have incurred significant net losses in each period since our inception and anticipate that we will continue to incur net losses for the coming years.***

Since our inception, we have incurred significant net losses. We incurred net losses of $218.9 million and $193.7 million for the three months ended March 31, 2024 and April 2, 2023, respectively. Our net loss was $1.5 billion for fiscal year 2023, $5.4 billion for fiscal year 2022, $911.5 million for the 2021 successor period, and $336.2 million for the 2021 predecessor period. Substantially all of our net losses since inception have resulted from our research and development programs, commercialization efforts, investments in our facilities, payments to licensors, and general and administrative costs associated with our operations, as well as intangible asset amortization and the impairments of $718.5 million and $4.7 billion for fiscal year 2023 and fiscal year 2022, respectively, related to the intangible assets and goodwill recorded by Illumina upon the acquisition of GRAIL. As of March 31, 2024, we had an accumulated deficit of $8.0 billion.

We have invested significant financial resources in research and development activities, including to develop our methylation platform, and to develop our products, such as Galleri and our precision oncology portfolio. We have also invested significant resources to conduct large scale clinical studies to improve Galleri and current and future products, including our diagnostic aid for cancer ("DAC") test, and to commercialize Galleri and plan for potential commercial launches of our future and current products in other markets. The amount of our future net losses will depend, in part, on the level of our future expenditures and our ability to

generate additional revenue. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good or reliable indication of our future performance.

We expect to continue to incur significant expenses and operating losses as we:

- attract, hire, and retain qualified personnel;
- continue our research and development activities;
- conduct our ongoing clinical studies and initiate and conduct additional clinical studies to support the development and commercialization of our products and future products;
- continue to expand our laboratory capacity and enhance operating capabilities for greater commercial scale;
- seek regulatory approvals, clearances, or certifications, or coverage and reimbursement, that may be necessary or desired for our products and future products;
- maintain and expand sales, marketing, and distribution infrastructure for purchases of our products;
- acquire or in-license additional intellectual property and technologies;
- make milestone, royalty, or other payments due under any license or collaboration agreements;
- obtain, maintain, protect, and enforce our intellectual property portfolio, including intellectual property obtained through license agreements;
- provide additional infrastructure to support our continued research and development operations and any planned commercialization efforts in the future;
- defend against any litigation, including but not limited to any patent disputes, employment matters, product liability claims or other lawsuits related to our products, our marketing, advertising, or labeling, or our clinical research;
- support international commercial expansion of our products;
- continue to engage the medical community and others to drive awareness and adoption of multicancer early detection ("MCED") testing; and
- meet the requirements and demands of being a public company.

***Our products or future products may not perform as expected, and the results of our clinical studies may not support the launch or use of our products or future products and may not comply with the requirements, or be replicated in later studies or in the post-market or real-world setting, required to support a commercial opportunity or for any necessary or desirable regulatory clearances, approvals, or certifications, or reimbursement or coverage. This could materially and adversely affect our business, financial condition, results of operations, and growth prospects.***

Our success depends on our ability to provide reliable, high-quality products that perform as indicated in our product labeling, marketing, and advertising material, as well as our ability to complete clinical studies and comply with applicable regulatory requirements that enable us to commercialize our products and future products. Our commercial product, Galleri, which we have launched as a laboratory developed test ("LDT") in the United States and for which we are pursuing a premarket approval application ("PMA") with the U.S. Food and Drug Administration (the "FDA") and our precision oncology portfolio, which we currently offer on a research-use-only basis, and our future products in development, including DAC, may not perform as expected. Results from our ongoing or future studies, or from the post-market or real-world setting, involving current or future products or our methylation platform may be inconsistent with certain results obtained from our previous studies, or from interim results initially reported on those studies. For example, the NHS evaluated results of an early analysis from the first screening test (the prevalent screening round) in the NHS-Galleri Trial to determine whether the results were

compelling enough to commence an implementation pilot in England prior to the final trial results. The results of this early analysis represented limited information from only one year of results out of the three-year trial period, and final results from the full three-year period may differ from the early analysis for a variety of reasons. In May 2024, the NHS determined not to initiate the pilot on the basis of those available data and will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. While the NHS intended to commence the commercial pilot if it determined that the results of the early analysis were compelling, it is possible that the final results will be unsuitable to the NHS, which could have a significant adverse impact on the success of our commercial efforts for Galleri, our ability to achieve FDA authorization at all or within our anticipated timelines, our brand and reputation, our business, and our growth prospects. Furthermore, other studies have been or may be conducted in populations (such as our SUMMIT study which was conducted in a population of tobacco users) or under other circumstances which make their results more complicated to interpret or result in data that is more difficult to compare. In addition, as Galleri and our research-use-only offering are currently available to customers and others, any studies, including those conducted by third parties, that use our current or future products, or that examine elements of our methylation platform, may produce results that are inconsistent to evaluate independently or comparatively from our own studies. If any such inconsistent results were to be produced, either before or after launch of a product or future product, our reputation, business, financial condition, results of operations, and growth prospects would suffer.

Our products require a number of complex and sophisticated biochemical and bioinformatics processes, which could be adversely impacted by a number of different factors. An operational or technological failure in one of these complex processes or fluctuations in external variables may result in performance characteristics, such as sensitivity or specificity rates, that are lower than we anticipate or that vary between test runs or in a higher than anticipated number of tests that fail to produce results. In addition, we continue to evaluate and refine our algorithms and other processes under development. These refinements may inadvertently result in unanticipated issues that may reduce our performance characteristics, such as sensitivity or specificity rates, or otherwise adversely affect the performance of our tests and their results. Galleri was launched in the United States as an LDT in mid-2021. We plan to complete a PMA submission for Galleri, for which the FDA has granted breakthrough device designation. Additionally, we plan to launch DAC as an LDT. However, the FDA recently finalized a regulation pursuant to which it plans to subject LDTs to medical device requirements through a phase-out of its historical policy of enforcement discretion over LDTs over a period of four years. The phase-in of medical device requirements to LDTs, including the potential requirement for FDA marketing authorization, will be costly and time-consuming, and if we fail to comply with such requirements, or if we cannot ultimately obtain marketing authorization for our LDTs where required, our business will be substantially harmed. The FDA and other regulators may require that we generate additional clinical data to support such clearance, approval, or certification, which could result in delays, increased costs, or other limitations on our ability to receive such clearance, approval, or certification, if at all, including narrowed indication or labeling than expected or desired. For additional information, see "—Risks Relating to Regulation and Legal Compliance—The regulatory clearance, approval, or certification processes of the FDA and comparable foreign regulatory authorities are lengthy, time-consuming, and unpredictable. If we are ultimately unable to obtain any necessary or desirable regulatory approvals, clearances, or certifications, or if such approvals, clearances, or certifications are significantly delayed, our business will be substantially harmed." Our stakeholders include certain third parties, including telemedicine and phlebotomy providers, couriers, storage and data collection management providers, and ordering and results delivery providers, among others, which we refer to as patient-facing service providers. Other important third parties are clinical study providers and collaborators, including clinical research organization ("CRO") and partners. Negative results experiences or outcomes, including those published by third parties, such as patient-facing service providers and other partners, that use our methylation platform, our products, or our offerings may harm our reputation, business, and growth prospects.

Further, we plan to improve our products to enhance performance, offerings, scalability, and/or cost of goods. However, we may not be successful in transitioning our products to a new or enhanced version or iteration. Product development involves a lengthy and complex process and we may be unable to commercialize, validate, or improve performance of any of our products on a timely basis, or at all. For example, to the extent an enhanced version of an existing product is developed, we may be required to conduct a non-inferiority study

involving such enhanced version as compared to the relevant then-current version of the test using data (for example, clinical data and/or real world evidence data obtained through Galleri's current commercial use as an LDT). In addition, we intend to undertake one or more bridging studies to measure and evaluate concordance, performance and safety of the subsequent, enhanced version of our product versus the existing product, using previously collected clinical study data and other samples. Any such bridging study will need to be agreed upon with regulatory authorities and may be unsuccessful or insufficient to support approval of any such subsequent, enhanced version of our products. If unsuccessful or insufficient, we would be required to revert to the prior version of the test and forego, or be delayed in, implementing any perceived or potential enhancements. Our failure to successfully develop new and/or improved products (including new versions of existing products) on a timely basis could have a material adverse effect on our results of operation and business.

Finally, generating the clinical data necessary to validate and support the launch of our products as LDTs and enhanced versions of products and subsequently obtain regulatory clearance, approval, or certification, or coverage and reimbursement, is time-consuming and carries with it the risk of not yielding the desired results. The performance achieved in published studies may not be replicated in later studies that may be required to obtain or maintain premarket clearance, approval, or certification, or coverage and reimbursement. Limited results from earlier-stage studies may not predict results from studies in larger numbers of participants or participants drawn from different populations. Unfavorable results from ongoing or future clinical studies could result in delays in, modifications to, or abandonment of ongoing or future clinical studies, or abandonment of a product development program, or may delay, limit, or prevent regulatory clearances, approvals, or certifications, or coverage and reimbursement of our products.

***The clinical study process is lengthy and expensive with uncertain outcomes. We have encountered delays and may encounter future delays in, or unexpected data from, our clinical studies, and may therefore be unable to complete our clinical studies on the timelines we expect, if at all, which could materially and adversely impact our ability to launch our products and seek regulatory clearance or approval, or coverage and reimbursement.***

Clinical testing is expensive, time-consuming, and subject to uncertainty. Initiating and completing clinical studies necessary to validate and market our products, and to support regulatory authorizations or certifications and coverage and reimbursement, will be time-consuming and expensive and the outcomes are inherently uncertain. Clinical studies must be conducted in accordance with the laws and regulations of the FDA and other applicable regulatory authorities' legal requirements and regulations, and are subject to oversight by governmental agencies and institutional review boards ("IRBs") or ethics committees at the medical institutions where the clinical studies are conducted.

The results of our development efforts and clinical studies of our products conducted to date and ongoing or future studies of our current or future products may not be predictive of the results of later clinical studies, and interim results of a clinical study do not necessarily predict final results. Our interpretation of data and results from our clinical studies do not ensure that we will achieve similar or favorable results in future clinical studies. In addition, clinical data are often susceptible to various interpretations, analyses, and methodological limitations, and many companies that have believed their products performed satisfactorily in earlier clinical studies have nonetheless failed to replicate results in later clinical studies. Products in later future clinical studies may fail to show the desired safety and efficacy despite having success in previous clinical studies.

In addition, we cannot guarantee that any clinical studies will be conducted as planned or completed on schedule, if at all, or within the anticipated budget. The timely completion of clinical studies in accordance with their protocols and applicable requirements depends, among other things, on our ability to enroll a sufficient number of participants who remain in the study until its conclusion. Many of our clinical studies require enrolling a large number of asymptomatic participants (i.e., individuals without symptoms of cancer) who may not see value in enrollment. Additionally, we may encounter delays as a result of the administrative complexities in managing and recruiting for studies of this scope and size. If we are unable to recruit sufficient participants for our clinical studies, including PATHFINDER 2 and REACH, or if we are unable to maintain sufficient participation of enrolled participants to maintain statistical power for our endpoints, our product development,

commercialization activities, and our ability to seek regulatory clearance or approval for our products could be delayed, require modification, or be prevented.

For example, our PMA submission for Galleri requires clinical data, including certain data from our ongoing PATHFINDER 2 study and the NHS-Galleri Trial, both of which we are conducting under an FDA-approved Investigational Device Exemption ("IDE") application. We may encounter difficulties enrolling or maintaining a sufficient number of participants in our current or future studies, including our PATHFINDER 2 study or NHS-Galleri Trial. Delays in our studies would cause us to delay completion of our PMA submission for Galleri, which would negatively impact our business, financial condition, results of operations, and growth prospects.

The initiation and completion of clinical studies may be prevented, delayed, or halted for numerous reasons, including as a result of the following:

- the inability to generate sufficient data to support the initiation or continuation of clinical studies;
- the inability to rely on previously-collected data on earlier versions of our products, such as Galleri, in support of the launch or submission for marketing authorization (or certification) of the later or enhanced versions of our products, including Galleri, or our other products and future products;
- the requirement to submit an IDE or comparable foreign application to the FDA or comparable foreign regulatory authorities, which must become effective prior to commencing certain human clinical studies of medical devices, and which the FDA or comparable foreign regulatory authorities may disapprove;
- delays caused by participants withdrawing from clinical studies or failing to return for follow-up or by institutions failing to submit data, including follow-up data, to us;
- delays or failure in reaching a consensus or agreement, if required, with regulatory agencies on study design or feedback from regulatory agencies necessitating changes to ongoing or planned clinical study design;
- delays or failure in reaching agreement on acceptable terms with CROs, service providers, and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical study sites;
- delays or failure in obtaining any required IRB approval or ethics committee approval for our clinical study sites;
- delays in amending, or the inability to amend, our IRB- or ethics committee-approved protocols at clinical study sites when necessary or desired;
- difficulty or delays in collaborating with sites, institutions, and investigators;
- failure by us, investigators, sites, or participants to comply with the applicable study protocol or applicable regulatory requirements and standards for data collection, reporting, records maintenance, or data integrity;
- failure by us or any CROs or other third parties to adhere to clinical study requirements, including the applicable protocol;
- failure to perform in accordance with good clinical practice ("GCP") and good laboratory practice ("GLP") requirements, and/or other applicable regulations and requirements of the FDA or other applicable governmental authorities;
- failure to comply with applicable data privacy and security laws, including laws related to clinical studies such as the European Union's (" EU") or United Kingdom's General Data Protection Regulation ("GDPR");
- challenges caused by transferring personal information or biological samples from the EU, United Kingdom, or other countries to our systems or facilities in the United States for processing;

- failure of our products and future products to achieve acceptable performance metrics, such as sensitivity, specificity, positive predictive value, and/or safety endpoints;
- unacceptable safety findings, including findings related to the risk, such as higher likelihood, of false positive test results (which could lead to unnecessary confirmatory testing, such as biopsy, or anxiety) or false negative test results (which could lead to foregoing standard of care screening, a delay in diagnosis or disease progression);
- termination or suspension of a study or site by us or the data safety monitoring board (or independent data monitoring committee), suspension or termination of a study or site by an IRB, ethics committee, or institution, or clinical hold or termination of a study or site by a regulatory authority, including the FDA;
- our inability to collaborate with clinical investigators, including if they are disqualified, terminated, suspended, or change affiliated institutions;
- adverse inspections of our clinical study sites or results by any applicable regulatory authority, including the FDA, NHS, or United Kingdom Medicines and Healthcare products Regulatory Agency;
- changes in statutory or regulatory requirements or guidance, or clinical guidelines, that require amending existing or designing new clinical protocols, obtaining new IRB or ethics committee approvals, modifying our clinical studies, modifying our consent process or obtaining additional consent from study participants, or altering the pathway to clearance, approval, or certification of our products and future products;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional clinical studies;
- the cost of clinical studies of our products and future products being greater than we anticipate;
- destruction or compromise of, or other inability to access or receive, clinical study samples processed, stored, managed, or otherwise in the control of a clinical site or other third party;
- determination that data from research conducted outside the United States does not meet the FDA's requirements for submission and support of a marketing authorization or future clinical study IDE application, for example because the foreign data are not applicable to the U.S. population and U.S. medical practice, the studies have been performed by clinical investigators of unsuitable competence, or the FDA cannot validate the data through an on-site inspection or other appropriate means;
- clinical studies of our products and future products producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical studies or abandon development programs; and
- lack of adequate funding.

Any such delays could adversely affect the costs, timing, or successful completion of our clinical studies. Moreover, we depend on our collaborators and on medical and clinical institutions and CROs to conduct our clinical studies in compliance with applicable GCP and other regulatory requirements, and while we have agreements governing their committed activities, we have limited influence over their actual performance. To the extent we, our collaborators or the CROs fail to enroll participants for our clinical studies, fail to conduct the study according to applicable GCP or other regulatory requirements, or are delayed for a significant time in the execution of studies, including achieving full enrollment, we may be affected by increased costs, program delays, enforcement actions, or a determination that the data are unusable for regulatory or product development purposes. In addition, clinical studies that are conducted in countries outside the United States may subject us to further delays and expenses.

Any inability to initiate or complete clinical studies successfully could result in additional costs to us, slow down or prevent our product development and receipt of positive reimbursement coverage decisions, or impair

our ability to generate revenue. Delays in initiating or completing our planned clinical studies could also allow third parties to bring products to market sooner than expected, which could impair our ability to successfully commercialize our products and future products, if launched, and may harm our business, financial condition, results of operations, and growth prospects. In addition, many of the factors that may cause, or lead to, a delay in initiation or completion of clinical studies may also ultimately lead to the delay or the narrowing or denial of any regulatory clearance, approval, or certification we may seek with respect to our products and future products. Delays in the initiation or completion of any clinical study of our products or future products in development, such as Galleri, our precision oncology portfolio, or DAC, or seeking broad coverage and reimbursement, will increase our costs, slow down or jeopardize our product development and regulatory clearance, approval, or certification process, and delay or potentially jeopardize broad adoption of our products and future products and their ability to generate revenue.

***Our commercial products may fail to achieve the degree of market acceptance necessary for commercial success.***

The commercial success of any of our marketed products, including Galleri and our precision oncology portfolio, or future products will depend on the degree of market acceptance by consumers, including self-insured employers, health systems, healthcare providers, life insurance companies, patients, and, over the longer-term, third-party payors. The degree of market acceptance of our products will depend on a number of factors, including:

- the performance, validation, and clinical utility of such products as demonstrated in clinical studies, from real-world use, and published in peer-reviewed journals;
- our ability to demonstrate the clinical validation and utility of our products and their potential advantages to the medical community;
- the ability of our products to demonstrate comparable or non-inferior performance in real-world intended use populations as in clinical studies;
- the willingness of consumers, including self-insured employers, health systems, healthcare providers, life insurance companies, patients, and others in the medical community to utilize our products;
- the willingness of commercial third-party payors and government payors to cover and reimburse our products, the scope and amount of which will affect an individual's or entity's willingness or ability to pay for our products and likely heavily influence healthcare providers' decisions to recommend our products;
- willingness of providers, patients, and others to learn about our products, including Galleri and DAC, and establish a sense of understanding and confidence in the use of our products;
- with respect to Galleri, which was launched as an LDT in the United States for use in an asymptomatic population, the concern that the product could lead to unnecessary medical screening procedures or a high false positive rate and the associated costs of unnecessary workups resulting from false positives;
- the belief of providers, patients, and others that the use of Galleri in its intended use population is clinically appropriate, and not restricting its use to a narrower intended population;
- the introduction or market acceptance of future third-party products, including the expansion of the capabilities of existing products and tests that are reimbursed;
- the ability of our partners and our employees and contractors to ensure the safety and privacy of our patient data;
- publicity (adverse or positive) concerning our products or operations (including third-party partners, patient-facing service providers, vendors, or suppliers) or future third-party products, including adverse publicity resulting from the use of our products or offerings by third parties, including partners; and
- the strength of our marketing and distribution support and patient-facing service providers.

The failure of our products, once introduced, to be listed in physician guidelines or of our studies to produce favorable and consistent results or to be published in peer-reviewed journals could limit the adoption of our products. In addition, healthcare providers and third-party payors, including the Centers for Medicare and Medicaid Services ("CMS"), may rely on physician guidelines issued by industry groups, medical societies, and other key organizations, such as the United States Preventive Services Task Force ("USPSTF"), an independent, volunteer panel of experts in the field of prevention, evidence-based medicine and primary care, before utilizing or reimbursing the cost of any diagnostic or screening test. Although we have a number of clinical studies underway designed to evaluate the clinical validity of Galleri, our product is not yet, and may never be, listed in any such guidelines, even if approved by the FDA.

Further, if our products or the technology underlying them do not receive sufficient favorable exposure in peer-reviewed publications, the rate of physician and market acceptance of our products and positive reimbursement coverage decisions for our products could be negatively affected. The publication of clinical data in peer-reviewed journals is a crucial step in commercializing and helping obtain reimbursement for products, and our inability to control when, if ever, results are published, if positive, may delay or limit our ability to derive sufficient revenues from any product that is developed using data from a clinical study.

Additionally, we believe that FDA approval for Galleri may provide clinical and regulatory credibility and validation in the view of providers, third-party payors, and others, and our failure to achieve FDA approval, at all or within our anticipated timelines, could limit adoption of Galleri, even if we continue to publish data on its clinical validity and utility in peer-reviewed journals. Our PMA submission and a potential subsequent rejection or material delay (including a requirement to conduct additional studies) may reflect negatively on Galleri and the ongoing and planned clinical studies used to support our PMA submission, which could lead healthcare providers, payors, and others to lose confidence in the utility or benefit of Galleri and our other products and future products.

Failure to achieve broad market acceptance of our products would materially harm our business, financial condition, and results of operations.

***We may not be able to generate sufficient revenue to offset our ongoing operating expenses and achieve and maintain profitability, and it may be difficult for us to offset the costs of our royalties, including the high-single-digit royalty that we will be required to pay to Illumina in perpetuity or our royalties payable to the Chinese University of Hong Kong.***

Our ability to generate future revenue growth from product sales and achieve profitability depends on our ability to continue commercializing our products. We completed our first sale of Galleri in mid-2021 and as of March 31, 2024 we have sold more than 180,000 Galleri tests through our existing market channels. We also launched our precision oncology portfolio in 2023, which currently comprises a research use only ("RUO") offering, and have partnered with several biopharmaceutical companies to deploy this offering. While we plan to commercially launch DAC in the United States as an LDT, we cannot assure you that we will successfully be able to do so as planned, if at all, and our failure to do so may prevent us from generating increased revenue. Furthermore, even if we are able to launch any future products in a timely manner, we may not be able to generate sufficient revenue to offset our costs and achieve profitability. Our ability to generate future revenue growth from product sales depends heavily on our success in:

- continuing clinical development, validation, and demonstration of the clinical utility of our products and future products and continuing to improve product performance and expand product features over time;
- seeking, obtaining, and maintaining marketing authorizations or certifications that may be necessary or desired for any versions of Galleri, DAC, and any future products that we develop;
- launching and commercializing our products by maintaining and expanding our sales force, marketing, medical affairs, and distribution infrastructure, and collaborating with commercialization partners;

- investing in and enhancing our proprietary methylation platform, and enhancing later versions of our existing and future products and offerings;
- obtaining market acceptance by consumers, including self-insured employers, health systems, healthcare providers, life insurance companies, patients, and third-party payors;
- establishing and maintaining supply and manufacturing relationships with third parties that can timely and consistently provide adequate, in both amount and quality, products and services to support clinical development and the market demand for Galleri, our precision oncology portfolio, and, if launched, future versions of Galleri and DAC;
- achieving adequate coverage and reimbursement from government healthcare programs, health insurance organizations, and other third-party payors for products that we launch;
- achieving sufficient efficiencies and cost management strategies in our laboratory, supply chain, and elsewhere to maintain an appropriate cost of goods sold to offer our products at an acceptable price in a pre-reimbursement environment;
- addressing any technological and market developments;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter and maintaining such existing or future arrangements;
- maintaining, protecting, and expanding our portfolio of intellectual property rights, including patents, trade secrets, know-how, and trademarks;
- the potential cost of and delays in product development as a result of any regulatory oversight applicable to our existing and future products and offerings;
- defending against third-party interference, invalidation, or infringement claims, if any; and
- attracting, hiring, and retaining qualified personnel.

We anticipate incurring significant costs to continue commercializing our products. Our expenses could increase beyond expectations if we are required by the FDA or other regulatory agencies, or notified bodies to delay the launch of any new products, narrow or change our intended use or product claims, and modify or expand our clinical studies or to perform additional clinical studies, either pre- or post-approval (or certification), in addition to those that we currently anticipate. Additionally, it may be difficult for us to offset the costs of the high-single-digit royalty that we will be required to pay under our agreement with Illumina in perpetuity. For more information, see “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Material Cash Requirements,” and “Certain Relationships and Related Party Transactions—Agreements with Illumina” beginning on pages 125, 208, and 233, respectively, of this Information Statement.

Under the terms of our license agreements with the Chinese University of Hong Kong, we are also required to pay a low single-digit royalty on net sales of our products that use the technology we license from Chinese University of Hong Kong, subject to minimum annual guarantees. Our payment obligations with respect to each license for each product containing any licensed technology extends until the expiration or termination of such license, which shall be the later of a low double-digit number of years from our payment of the license issue fee or expiration of the last-to-expire licensed patent. Although certain provisions in our agreement with Illumina allow us to reduce our royalty to Illumina by up to a low single-digit percentage due to third party royalties actually paid, such as our royalty payment to Chinese University of Hong Kong, our obligation to pay this royalty on our net sales could reduce our gross margins and increase our expenses. See the section titled “Business—Intellectual Property—License Agreements with the Chinese University of Hong Kong” beginning on page 166.

We will need to generate significant additional revenue to achieve and maintain profitability and will need to obtain additional funding to continue operations. Even if we achieve profitability, we cannot be sure that we

will remain profitable for any substantial period of time. We may never be able to generate sufficient revenue to achieve or maintain profitability and our recent and historical growth should not be considered indicative of our future performance. If we do not achieve or maintain profitability, it will be more difficult for us to finance our business and accomplish our strategic objectives, either of which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

***A substantial majority of our revenue is generated from sales of Galleri and we are highly dependent on it for our success.***

We began selling Galleri in the United States in mid-2021. Sales of Galleri accounted for a substantial majority of our revenue to date and we expect that such sales will continue to account for the substantial majority of our revenue for the foreseeable future. Our ability to execute our growth strategy and become profitable will therefore depend upon the adoption of Galleri as a widely used MCED test. Continued adoption and use of Galleri will depend on several factors discussed in these risk factors, including, among others, the prices we charge for our tests, the scope of coverage and amount of reimbursement available from third-party payors, including managed care organizations, private health insurers, and government healthcare programs, such as Medicare and Medicaid in the United States and similar programs in other countries, the availability of clinical and real-world data that supports the value and impact of our tests, and the extent to which our tests receive FDA authorization or a USPSTF grade A or B recommendation. We cannot assure you that Galleri will continue to maintain or gain market acceptance, and any failure to do so would harm our business and results of operations.

***Our goodwill and indefinite lived intangible assets have been subject to impairment and may be subject to further impairment in the future, which could have a material adverse effect on our results of operations, financial condition, or future operating results.***

We evaluate goodwill and indefinite-lived intangible assets for impairment annually or more frequently if an event occurs or circumstances change in the interim that would more likely than not reduce the fair value of an asset below its carrying amount. Indicators that are considered include, among others, significant changes in performance relative to expected operating results, significant negative industry or economic trends, or a significant decline in market capitalization or enterprise value for a sustained period of time. Changes in key assumptions in the future, including lowering forecast for revenue and operating margin, selection of guideline public companies, increasing the selected discount rate, reducing the estimated useful lives of intangible assets, abandoning in-process research and development, or lowering the long-term growth rate, could result in additional charges; similarly, one or more changes in these assumptions in future periods due to changes in circumstances could result in additional future impairments. Due to the application of pushdown accounting, our balance sheet includes goodwill and intangible assets recognized by Illumina in connection with their acquisition of us that may be subject to additional impairment over time. As a result of an impairment assessment performed, a goodwill impairment charge of $608.5 million was recorded in the fiscal year 2023 which represents the amount by which the carrying value of GRAIL exceeded the estimated fair value of GRAIL upon performing a quantitative test, primarily due to changes to expected timing of revenue and a higher discount rate. In conjunction with the 2023 impairment assessment, an impairment charge of $110.0 million was recorded to the IPR&D intangible asset, primarily due to a decrease in projected cash flows and a higher discount rate selected for the fair value calculation. As a result of an impairment assessment performed, an impairment charge of $4.7 billion was recorded in 2022 which represented the amount by which the carrying value of GRAIL exceeded the fair value of GRAIL upon performing a quantitative test. On May 24, 2024, the Illumina Board authorized management to continue proceeding with the potential spin-off of GRAIL, subject to finalization of certain terms. This authorization represents a potential indicator of impairment in Q2 2024 for purposes of performing an interim goodwill impairment test. The remaining carrying value of goodwill at March 31, 2024 was $888.9 million. Any additional goodwill or intangible asset impairments, including due to third party review or regulatory scrutiny, could have material adverse effects on our operating results, net assets, or our cost of, or access to, capital, which could harm our business. Further, goodwill impairment assessments are subjective and involve significant estimation, and impairment charges could have material adverse effects on our business and

financial condition. We continue to monitor for potential impairment should impairment indicators arise. We could be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, negatively impacting our results of operations. See "Note 2—Summary of Significant Accounting Policies—Goodwill and Intangible Assets" to our Consolidated Financial Statements for more details.

***One of the key elements of our strategy is to expand access to our tests by pursuing coverage and reimbursement from third-party payors, both private and government payors. If our products do not receive adequate coverage and reimbursement, if at all, from third-party payors, our ability to expand access to our products beyond our existing sales channels will be limited and our overall commercial success will be limited.***

We have established private reimbursement for Galleri from a number of third-party payors in the United States, but do not currently have broader coverage and reimbursement by government healthcare programs, such as Medicare. A key element of our strategy is to expand access to our tests by pursuing broad coverage and reimbursement by third-party payors, including government payors. Coverage and reimbursement by third-party payors, including managed care organizations, private health insurers, and government healthcare programs, such as Medicare and Medicaid in the United States and similar programs in other countries, for early detection tests we offer or are planning to offer, can be limited and uncertain. Healthcare providers may not order our products unless third-party payors cover and provide adequate reimbursement rates for a substantial portion of the price of our products. If we are not able to obtain adequate coverage and an acceptable level of reimbursement for our products from third-party payors, there could be a greater co-insurance or co-payment obligation for any individual for whom a test is ordered. The individual may be forced to pay the entire cost of a test out-of-pocket, which could dissuade physicians from ordering our products and, if ordered, could result in delay in or decreased likelihood of our collection of payment. We believe our revenue and revenue growth will depend on our success in achieving coverage and adequate reimbursement for our products from third-party payors.

Medicare is the single largest U.S. payor and a particularly important payor for many cancer-related laboratory services given the demographics of the Medicare population. Traditional fee-for-service Medicare generally does not cover screening tests, which are considered preventive services, that are performed in the absence of signs or symptoms of illness or injury, unless there is a statutory provision that explicitly authorizes coverage of the test. The Medicare Improvements for Patients and Providers Act of 2008 authorizes the CMS to cover additional preventive services that are not expressly covered by the statute if the service is (a) reasonable and necessary for the prevention or early detection of an illness or disability, (b) recommended with a grade of A or B by the USPSTF, and (c) appropriate for Medicare beneficiaries under Part A or Part B. CMS establishes coverage through a national coverage determination ("NCD") process, which generally requires, or is significantly more likely following, FDA approval. In its discretion, the USPSTF generally waits for FDA authorization before it considers undertaking reviews of novel technology. Galleri and certain other future products could be considered screening tests under Medicare and, accordingly, are and may not be eligible for traditional Medicare fee-for-service coverage and reimbursement unless we pursue substantial additional measures, including, but not limited to, securing FDA authorization of Galleri and other future products, followed by obtaining a grade A or B recommendation from the USPSTF, in an effort to enable CMS to issue an NCD. Medicare coverage can also be changed by statute, and another possible pathway for Medicare reimbursement would be to amend the Medicare statute to cover MCED testing. This process would generally require new legislation to expressly authorize CMS to cover FDA-approved early cancer screening and detection tests. We are working with stakeholders to advance and shape the public reimbursement landscape to reflect that additional scope of coverage. However, even if we are successful in obtaining an NCD on the basis of the new reimbursement landscape envisioned by this legislation, we intend to seek a USPSTF grade for Galleri. If we receive an NCD for Galleri or our other products and subsequently receive a USPSTF grade lower than A or B, it is possible that CMS would rescind the NCD. Further, such legislation may never be enacted, may be significantly delayed in being enacted, or may be enacted in a different form, including narrower or less favorable terms, any of which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects. Any of these efforts, individually and together, require significant investments and resources, and may ultimately be unsuccessful or may take several years, if at all, to achieve.

If the USPSTF does not recommend any of our products with a grade of A or B, CMS declines to initiate an NCD, CMS decides to rescind a prior NCD, or the decision regarding an NCD is negative, the impacted product would not be eligible for fee-for-service Medicare coverage in the absence of a new statutory provision providing for coverage. Even if the USPSTF were to recommend Galleri or other products we are developing, the USPSTF review process and the ensuing NCD process by CMS could take several years to complete, and coverage for our products would be delayed while review is ongoing. The Affordable Care Act ("ACA") mandates that many private insurance plans cover, among other preventive health services, evidence-based items or services recommended by USPSTF with a grade of A or B, with certain prohibitions on cost-sharing requirements. Accordingly, if USPSTF does not recommend use of Galleri or other products we are developing or requires a substantial amount of time to review such products, our business and results of our operations would be harmed. Coverage and adequate reimbursement under Medicare are also uncertain as discussed further in "Business—Government Regulations—Coverage and Reimbursement", beginning on page 181 of this Information Statement. DAC is intended to be a diagnostic aid, and we believe it could be eligible, with current or additional clinical study data, for Medicare coverage and reimbursement in the next several years, although there can be no assurances that we will be successful in obtaining such coverage, if and when DAC is launched.

If eligible for reimbursement, laboratory tests including ours are generally classified for reimbursement purposes under CMS's Healthcare Common Procedure Coding System ("HCPCS") and the American Medical Association's ("AMA") Current Procedural Terminology ("CPT") coding systems. We and payors must use those coding systems to bill and pay for our diagnostic tests, respectively. These HCPCS and CPT codes are associated with the particular product or service that is provided to the individual. Accordingly, without a HCPCS or CPT code applicable to our products, the submission of claims would be a significant challenge. Once CMS creates an HCPCS code or the AMA establishes a CPT code, CMS establishes payment rates and coverage rules under traditional Medicare, and private payors establish rates and coverage rules independently. Under Medicare, payment for laboratory tests is generally made under the Clinical Laboratory Fee Schedule ("CLFS") with payment amounts assigned to specific HCPCS and CPT codes. In addition, effective January 1, 2018, a new Medicare payment methodology went into effect for clinical laboratory tests, under which laboratory-reported private payor rates are used to establish Medicare payment rates for tests reimbursed via the Medicare Clinical Laboratory Fee Schedule. The new methodology implements Section 216 of the Protecting Access to Medicare Act of 2014 ("PAMA") and requires laboratories that meet certain requirements related to volume and type of Medicare revenues to report to CMS their private payor payment rates for each test they perform, the volume of tests paid at each rate, and the HCPCS code associated with the test. CMS uses the reported information to set the payment rate for each test at the weighted median private payor rate. Most affected tests are revalued every three years. A series of legislative amendments delayed the next PAMA reporting period to January 1, 2024 through March 31, 2024, which will cover the original data collection period of January 1, 2019 through June 30, 2019. New CLFS rates for clinical diagnostic laboratory tests ("CDLTs") will be established based on that data beginning in 2025, subject to phase-in limits. As a result, Medicare payment rates determined by data reported in 2017 will continue through December 31, 2024. In addition, under PAMA, as amended, the payment reduction cap will be 15% per test per year in each of the years 2024 through 2026. PAMA also authorized the adoption of new, temporary billing codes and unique test identifiers for FDA-cleared or approved tests, as well as advanced diagnostic laboratory tests ("ADLTs"). The AMA's CPT Editorial Panel approved a proposal to create a new section of billing codes called Proprietary Laboratory Analyses ("PLA") codes, to facilitate implementation of this section of PAMA. The full impact of the PAMA rate-setting methodology and its applicability to our products remains uncertain at this time.

Coverage and reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that a product is appropriate, medically necessary, and cost-effective. Each payor will make its own decision as to whether to establish a policy or enter into a contract to cover our products and the amount it will reimburse for such products. Any determination by a payor to cover and the amount for which it will reimburse our products would likely be made on an indication-by-indication basis. For example, we may face additional scrutiny in obtaining coverage and reimbursement from third-party payors given the additional costs of further diagnostic workup in the event the test is deployed at scale, as a result of the false positive rate. As a

result, obtaining approvals from third-party payors to cover our products and establishing adequate coding recognition and reimbursement levels is an unpredictable, challenging, time-consuming, and costly process and we may never be successful. If third-party payors do not provide adequate coverage and reimbursement for our products, our ability to succeed commercially will be limited.

Even if we establish relationships with payors to provide our products at negotiated rates, such agreements would not obligate any healthcare providers to order our products or guarantee that we would receive reimbursement for our products from these or any other payors at adequate levels. Thus, these payor relationships may not result in acceptable levels of coverage and reimbursement for our products, including Galleri and any current or future products, including future versions of Galleri or DAC. We believe it may take several years to achieve coverage and adequate reimbursement with a majority of third-party payors, including with those payors offering negotiated rates. In addition, we cannot predict whether, under what circumstances, or at what payment levels payors will cover and reimburse our products. Although we do not expect Galleri to have Medicare or other broad third-party coverage or reimbursement in the near term, we will continue to market our product to health systems, large self-insured employers, life insurance providers, physician directed channels, health plans, and additional at-risk groups such as first responders, including firefighters. If we fail to establish and maintain coverage and reimbursement for our products, our ability to expand access to our products, generate increased revenue, and grow our test volume and customer base will be limited and our overall commercial success and growth prospects will be limited.

***We may be unable to develop and commercialize new products, including enhanced versions of current products, and enhanced versions may require non-inferiority studies and/or bridging studies, which may require prior review and agreement from regulatory bodies.***

We continue to expand our research and development efforts to use our proprietary methylation platform and our large clinical and genomic datasets to develop enhanced versions of our products and future products. The commercialization of any new products, including enhanced versions of current products, will require the completion of certain clinical development activities, regulatory activities, and the expenditure of additional cash resources. We cannot assure you that we can successfully complete these activities for any such products. For example, to the extent an enhanced version of an existing product is developed, we may be required to conduct a non-inferiority study involving such enhanced version as compared to the relevant then-current version of the test using data (for example, clinical data and/or real world evidence data obtained through Galleri's current commercial use as an LDT). In addition, we intend to undertake one or more bridging studies to measure and evaluate concordance, performance and safety of the subsequent, enhanced version of our product versus the existing product, using previously collected clinical study data and other samples. Any such bridging study will need to be agreed upon with regulatory authorities and may be unsuccessful or insufficient to support approval of any such subsequent, enhanced version of our products. If unsuccessful or insufficient, we would be required to revert to the prior version of the test and forego, or be delayed in, implementing any perceived or potential enhancements.

We cannot ensure that we will generate sufficient revenue from products that we successfully commercialize or otherwise mitigate the risks associated with our business to raise enough capital to develop and commercialize new products. In addition, once our development efforts for a product are completed, commercialization efforts, including allocation of resources necessary to comply with applicable laws and regulations, will require significant expenditures. Any failure to develop, obtain necessary marketing authorizations for, or commercialize new products, and meet and continue compliance with applicable laws and regulations, could have a material adverse effect on our ability to implement our strategy and grow our business.

***If similar third-party products are developed and do not perform as intended or cause harm or injury to patients, the market for our products could be impaired.***

Many companies are attempting to develop competing cancer detection tests and technologies focused on improving cancer care with early cancer detection tests and post-diagnostic products. If any of these tests do not perform to expectations or cause harm or injury to patients, it may result in lower clinical and consumer

confidence in early cancer detection and precision medicine in general, which could potentially adversely affect confidence in our products. As a result, the failure of any competing products to perform as expected could significantly adversely affect public perception about cancer detection tests generally, including our products, and could significantly impair our reputation and operating results.

***If we fail to obtain additional financing, we may be unable to expand our commercialization efforts with respect to Galleri and any other products that we successfully develop and commercialize, or to develop additional products.***

Our operations have required substantial amounts of cash since inception. To date, we have financed our operations primarily through the sale of equity securities and capital contributions from Illumina and, to a lesser extent, revenue derived from Galleri sales and precision oncology portfolio revenue. Our product development and clinical study activities are expensive, and we expect to continue to spend substantial amounts as we expand our commercialization efforts with respect to Galleri, including pursuing broader coverage and reimbursement, prepare for the potential launch and commercialization of DAC, continue to enhance our core technology platform, broaden the applications of our technology platform, and develop new products. In addition, obtaining any necessary or desirable regulatory approvals, clearances, or certifications, as well as coverage and reimbursement, for our products will require substantial additional funding.

As of March 31, 2024, we had $199.7 million in cash and cash equivalents. We believe that our existing cash and cash equivalents, together with the funding obligations of Illumina required by the EC Divestment Decision (as defined in the section titled "The Spin-Off—Background" beginning on page 102 of this Information Statement), will be sufficient to fund our projected operations for at least the next 12 months. Our estimate as to how long we expect our existing cash, cash equivalents, and funding obligations from Illumina to be available to fund our operations is based on assumptions that may prove to be inaccurate, and we could use our available capital resources sooner than we currently expect. In addition, changing circumstances may cause us to increase our spending significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We may need to raise additional funds sooner than we anticipate.

We will require additional capital to expand the commercialization of Galleri and our precision oncology portfolio for the development and potential commercialization of DAC, and for the development of future products. Our future capital requirements depend on many additional factors, including:

- the cost of development and commercialization activities for our products, including Galleri and our precision oncology portfolio and our future products, such as DAC, including marketing, sales, and distribution costs;
- the cost related to continued scaling operations to support demand for our products, including the cost of operating our laboratory in Durham, North Carolina;
- the timing of, and the costs involved in, obtaining any required or desired regulatory approvals, clearances, or certifications for our products;
- the timing, scope, progress, results, and costs of developing additional products and conducting clinical studies;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending, and enforcing patent and other intellectual property rights and claims, including litigation costs and the outcome of such litigation;
- the timing and amount of sales of our products and collection of related receivables;
- the extent to which our products are eligible for coverage and reimbursement from third-party payors;
- the emergence of new technologies, products, or services and other adverse market developments; and
- other potential adverse developments.

Additional capital may not be available when we need it, on terms acceptable to us or at all. We have no committed source of additional capital, other than the funds to be committed by Illumina as described above. Furthermore, any additional capital raised through the sale of equity or equity-linked securities will dilute stockholders' ownership interests in us, may require stockholder approval, may have an adverse effect on the price of our common stock, and holders of these securities may have rights, preferences or privileges senior to those of our then-existing stockholders. Debt financing, if available, may include restrictive covenants that could limit how we conduct our business and limit our ability to further raise capital, and if available, may be available only on undesirable terms, particularly as we would borrow as an independent company and not a subsidiary of Illumina. If adequate capital is not available to us on a timely basis, we may be required to significantly delay, scale back, or discontinue the commercialization of our products or research and development programs, or be unable to continue or expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition, results of operations, and growth prospects and cause the price of our common stock to decline.

***If our products result in direct or indirect participant or patient harm or injury, we could be subject to significant reputational and liability risks, and our reputation, business, financial condition, results of operations, and growth prospects could be materially adversely affected.***

Our success will depend on the market's confidence that our products, including Galleri and, if successfully developed and launched, enhanced versions of Galleri and DAC, and our precision oncology portfolio can provide reliable, high-quality results. We believe that participants, patients, customers, physicians, and regulators are likely to be sensitive to errors in the use of our products or failure of our products to perform as described, and there can be no guarantee that our products will meet expectations. Galleri is intended to be used to detect a cancer signal in individuals, but its results are not intended to be diagnostic. If a cancer signal is detected, the product is used to localize the origin of the cancer signal; a "cancer signal detected" test result must be followed up by appropriate diagnostic workup. Because the product cannot detect all cancer signals, and may not detect signals for all cancer types, a negative test does not rule out the presence of cancer. Additionally, an individual undergoing unnecessary diagnostic tests on the basis of a false positive result or an erroneous cancer signal origin result could expose us to significant liability and reputational risks. Similarly, an individual who receives a cancer diagnosis shortly following a "no cancer signal detected" test result may create negative publicity about our product, which would discourage adoption. Performance failures could establish a negative perception of our products among physicians, patients, customers, and regulators, jeopardize our ability to successfully commercialize our products, impair our ability to obtain marketing authorizations or secure favorable coverage and reimbursement, or otherwise result in reputational harm or enforcement action or inquiry by a regulatory body. These risks may be more pronounced for certain applications in our precision oncology portfolio, such as companion diagnostic development, as our products would be directly involved with the choice to use certain treatments in a particular case. In addition, we may be subject to legal claims arising from any errors in the use, manufacture, design, labeling, marketing, or performance of our products, including false positive or false negative results.

***We rely on Illumina as a sole supplier for our next-generation sequencers and associated reagents, Madison Industries ("Madison") (who acquired our blood collection tube manufacturer Streck, Inc. in 2023) as a sole supplier of our blood collection tubes, and Twist Bioscience Corporation ("Twist") as a sole supplier of our DNA panels. Additionally, we rely on a limited number of suppliers for some of our laboratory instruments and reagents, and we may not be able to immediately find replacements if necessary.***

We rely on Illumina as the sole supplier of the next-generation sequencers and associated Illumina-supplied reagents we use to perform our genomic tests and as the sole provider of servicing, including maintenance and repair services for these sequencers. Any disruption or interruption in Illumina's operations or breach of our supply-related agreements would impact our supply chain and laboratory operations. We also rely on Madison as the sole supplier of our blood collection tubes and Twist as the sole supplier of our DNA panels. We rely on other vendors as sole suppliers, although we believe we are less reliant on their offerings than the vendors named

above. A disruption or interruption in supply from these vendors could delay our ability to continue laboratory operations, and develop and commercialize any other future products. Any such disruption or interruption in supply, quality, or servicing would adversely affect our commercial partnerships, our ability to continue supporting clinical studies and conduct new studies, our reputation, and could impact our timing for regulatory authorization and coverage and reimbursement.

Further, we are in the process of submitting a PMA for Galleri to the FDA. We may similarly seek FDA authorization for DAC and other products. For products or components supplied to us by Illumina, we have not negotiated the use of all of their products in any product we intend to submit for an FDA marketing authorization. We are cooperating with Madison to obtain FDA clearance or approval for their blood collection tubes for use with our products. In some cases, use of these third-party products in any FDA-cleared or approved product we may seek to commercialize will be conditioned on these suppliers having obtained FDA clearance or approval for their products for the uses of those third-party products as intended with ours. Before we pursue approval for our products that incorporate or use materials supplied to us by these suppliers, we will need to negotiate and execute agreements with these parties and in some cases may need to ensure these products have obtained the requisite clearances or approvals for the intended uses with our products. Any failures or delays in negotiating agreements with our suppliers on reasonable terms, or their inability to obtain any required clearances or approvals, may increase our costs or delay or prevent us from obtaining approval of, and thus successfully commercializing, our products.

Moreover, products supplied to us for use in our LDT products may be currently available to us as RUO products, which means, among other things, that the third-party supplier intends for the products not to be used for clinical use and that the products must be labeled "For Research Use Only. Not for use in diagnostic procedures." If the FDA were to take enforcement action against us or our suppliers for our use of RUO products in connection with our products and future products that we intend to use for clinical purposes, including our launch of LDTs, such action could require us to seek alternative suppliers and thus materially and adversely affect our ability to provide such products to our customers and could significantly increase our costs of conducting business. Products for FDA-approved or cleared *in vitro* diagnostic use generally have significantly higher costs than LDT uses, which, in turn, are more costly than products intended for RUO.

Our current suppliers, including Illumina, Madison, or Twist, may also discontinue or substantially change the specification of products that we utilize or intend to utilize in our products and future products. While we believe other suppliers exist that are capable of supplying and servicing the equipment and materials necessary for our products and laboratory operations, including certain instruments, components, consumables, and reagents, qualifying, contracting with, validating, and transitioning to any such new suppliers could temporarily result in interruptions in or otherwise affect our ability to manufacture and commercialize products or the performance specifications of our laboratory operations and sample processing or, if we receive FDA authorization for our current or future products, could require that we revalidate such products or submit such changes for regulatory authorization by the FDA. For example, we have used, currently use and expect to continue to use Madison blood collection tubes for all of our prior, ongoing, and planned clinical studies that support product development and validation. It may be difficult to engage with another supplier who can provide the same products and with the same quality and availability as Madison, which could significantly delay our clinical studies and ability to process tests, and materially adversely impact our business. In addition, we purchase certain products on a purchase order basis and cannot guarantee a consistent source of supply. The use of equipment or materials provided by a replacement supplier could require us to alter our laboratory operations and sample collection and processing and related procedures. In the case of attempting to obtain an alternative supplier for Illumina, Madison, or Twist, replacement instruments and associated reagents, tubes, and panels that meet our quality control and performance requirements may not be immediately available. If we encounter delays or difficulties in securing, reconfiguring or revalidating the equipment, reagents, and other materials that we require for our tests, laboratory operations and sample collection and processing, we would likely face significant delays in ongoing clinical studies or conducting new studies, commercializing our products and our reputation, business, financial condition, results of operations, and growth prospects would be adversely affected.

***If our facilities become inoperable, our ability to provide our products will be significantly impaired and our business will be harmed.***

We currently perform all research and development, and conduct commercial testing work, for our products, including Galleri, in our laboratories located in Menlo Park, California and Durham, North Carolina. We also have offices in Washington D.C. and the United Kingdom, which is important to our international operations. The facilities may be harmed, rendered inoperable by physical damage or otherwise become partially or completely unusable due to fire, floods, earthquakes, power loss, telecommunications failures, break-ins, accidents, pandemics, and similar events, which may render it difficult or impossible for us to provide our products for some period of time. Our laboratories and the equipment we use to perform our research and development or commercialization work could be unavailable or costly and time-consuming to repair or replace. It would be difficult, time-consuming, and expensive to rebuild our facilities, particularly in light of the licensure, permits, and accreditation requirements for clinical laboratories like ours. For example, the development and commercial test processing activities for Galleri, and future potential commercial launch of DAC, are dependent on the operation of our Durham, North Carolina laboratory, which received Clinical Laboratory Improvement Amendments of 1988 ("CLIA") certification to perform high-complexity training, and College of American Pathologists ("CAP") accreditation. A disruption at this facility could materially adversely impact our business and operations. Although we carry insurance for damage to our properties and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

***Our operations and business depend on various third parties, including information technology, sample collection, processing, transfer facilities, and other patient-facing service providers. Any disruption, failure, or interruption at any of these third parties could materially adversely affect our business, results of operations, financial condition, and growth prospects.***

We depend on third parties for information technology, telecommunication systems, the collection, processing, transport, and storage of sample, and other patient-facing services. Any disruption in these services or operations could materially adversely harm our business and operations.

We depend on information technology and telecommunications systems, including those provided by third parties and their vendors, for significant elements of our operations, such as our laboratory information management systems, including test validation, specimen tracking, and quality control; personal information collection, storage, maintenance, and transmission; our report production systems; and our billing and reimbursement, research and development, scientific, and medical data analysis; and general administrative activities. In connection with becoming a public company, we expect to expand and strengthen a number of enterprise software systems that affect a broad range of business processes and functions, including, for example, systems handling human resources, financial controls and reporting, customer relationship management, regulatory compliance, security controls, and other infrastructure operations. These expansions may prove more difficult than we expect and could cause disruptions in our operations or additional expense. Information technology and telecommunications systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts, and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive events. Any disruption or loss of information technology or telecommunications systems on which critical aspects of our operations depend could have an adverse effect on our business, reputation, results of operation, financial condition, and growth prospects.

Our business also depends on our ability to reliably sequence blood samples that we collect, which are transported to our Menlo Park or Durham facility for analysis. Within the United Kingdom, our samples are initially collected, processed, frozen, and stored at several off-site facilities. Any disruption to the operations of these facilities could compromise the integrity of our samples and impede our ability to access and accurately sequence the data. For example, Event Marketing Solutions Ltd ("EMS") is responsible for collection of our

NHS-Galleri Trial samples and ships those samples to UK Biocentre Ltd ("UKBC") for, among other things, receipt, storage, and management. If any natural or man-made disaster, accident, or break-in were to affect the UKBC facility or EMS' collection or shipping operations, our NHS-Galleri samples could be lost, destroyed, compromised, or otherwise adversely affected. In addition, we maintain samples from our clinical studies for several years. It is possible that the long-term stability of these samples may not be maintained with the passage of time, which could negatively impact our ability to use such samples to validate our products. Further, interruptions in collection, processing, freezing, or transportation of samples performed by patient-facing service providers and other third parties, whether due to labor disruptions, bad weather, natural disaster, terrorist acts, threats, or for other reasons could adversely affect the samples and our ability to process the samples in a timely manner, which could negatively affect our ongoing research studies and harm our business. This is particularly true for transport of our samples, which generally must be delivered to our facilities for processing within seven days of blood draw.

We also depend on third-party telemedicine providers for certain referrals and follow up services with patients. Third-party phlebotomists also provide patient-facing services in collecting samples and shipping samples to our facilities for processing. If these telemedicine or phlebotomist vendors fail to perform services, or if services are performed poorly or perceived to be performed poorly, we may suffer reputational harm, need to replace a provider, limit our ability to reach patients, result in loss of samples, failure to receive samples in a timely manner, insufficient quality of samples, or other harms.

Finally, the facilities of any of our third-party collaborators, consultants, contractors, vendors, suppliers, and service providers could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, tornadoes, hurricanes, fires, extreme weather conditions, medical epidemics, pandemics, and other natural or man-made disasters or business interruptions. In addition, they may be affected by government shutdowns, changes to applicable laws, regulations, and policies, or funding shortages. The occurrence of any of these business disruptions could seriously harm their ability to complete their contracted services to us, which may adversely impact our operations and financial condition.

***Failure of, or defects in, our machine learning algorithms, artificial intelligence, and cloud-based computing infrastructure, including interruptions of service through our key provider, Amazon Web Services, or increased regulation in the machine learning or artificial intelligence space, could impair our ability to process our data, develop products, or provide test results, and harm our business and results of operations.***

We depend on technology systems for significant elements of our business operations. These technology systems support a variety of functions, including manufacturing operations, laboratory operations, data analysis, quality control, partner service and support, billing, research and development activities, and scientific and general administrative activities. The design, development, maintenance, and operation of our technology over time is expensive and complex, and may involve unforeseen difficulties including performance problems, undetected defects, or errors. Overcoming technical obstacles and correcting defects or errors could prove to be impossible or impracticable, and the costs incurred may be substantial and adversely affect our results of operations. Additionally, regulation in the machine learning and artificial intelligence space is constantly evolving and limitations placed on the use of data, including personal information, health data, or genetic/genomic data in such systems may make it difficult for us to continue using our machine learning algorithms. If our technology does not function reliably, fails to meet expectations in terms of performance, or cannot be fully utilized due to increasing regulation, including regulation by the FDA or comparable regulatory authorities of artificial intelligence or medical device software, we may be unable to provide, or our customers may stop using, our products.

We currently host all of our data on, and conduct a significant portion of our data analysis through, Amazon Web Services ("AWS") cloud-based hosting facilities. In addition, certain functions of our laboratory operations and business functions use or leverage AWS. Any technical problems or outages that may arise in connection with AWS, including its data center hosting facilities, could result in operational disruption, loss of data or

delayed or ineffective data processing. A variety of factors, including infrastructure changes, human or software errors, viruses, malware, security attacks, fraud, spikes in customer usage, or denial of service issues could cause interruptions in our service. Such service interruptions may reduce or inhibit our ability to provide our products, process tests, operate our laboratory, delay our clinical studies, and damage our relationships with our customers. We could also be exposed to potential lawsuits, liability claims, reputational impact, or regulatory actions, for example if AWS experienced a data privacy breach. If we were required to transfer to another service provider, including the transfer of data to an alternative hosting provider, the transfer and acclimation to the new provider could result in significant business delays and require additional resources.

***If we are unable to scale our operations successfully to support demand for our products, our business could suffer.***

As and to the extent test volumes grow, we will need to continue to ramp up laboratory capacity, including increasing the processing of Galleri in our Durham, North Carolina facility. This includes the transition of operations from 16 hours of operation seven days a week to 24 hours of operation seven days a week. While we have heavily invested in our scalability, including by expanding our Durham facility laboratory capacity, further buildout of our Durham facility will be needed, as well as further new infrastructure, data processing capabilities, customer service, billing and systems processes, and expanding our internal quality assurance program and information technology to support testing on a larger scale. We will also need additional equipment, and certified and licensed laboratory personnel to process higher volumes of tests. Our ability to hire personnel to scale may be more challenging for our 24/7 operations when we will require night shift work. We may face difficulties increasing the scale of our operations, including implementing changes in infrastructure or programs or acquiring additional equipment or personnel, as well as any additional regulatory, licensing, permitting, or certificate obligations that need to be met at the local, state, or federal level. As we refine our products, develop additional products, and enhance existing products, we may need to bring new equipment on-line, comply with additional applicable laws and regulations, implement new systems, technology, controls and procedures, and hire personnel with different qualifications, licenses, or certifications.

The value of Galleri, our precision oncology portfolio, DAC, and any future products will depend, in part, on our ability to perform tests and return results to providers on a timely basis and at an appropriate quality standard, and on our reputation for such timeliness and quality. Failure to implement necessary procedures, to transition to new equipment or processes, or to hire the appropriate, qualified personnel could result in higher costs of processing, longer turnaround times or an inability to meet market demand. There can be no assurance that we will be able to perform tests on a timely basis at a level consistent with demand, that we will be able to maintain the quality of our test results as we scale our commercial operations, or that we will be successful in responding to the growing complexity of our laboratory operations, including the related data analysis requirements.

We may also experience difficulties scaling in international markets in which we are required under law or contract, or decide to, construct and operate a laboratory in that market. For example, we may be required or decide to build and operate a laboratory in the United Kingdom if and when we have a commercial presence in that country. This may be challenging due to significant startup costs, difficulty recruiting, and lack of familiarity with the local jurisdiction, among other reasons. If we are unable to build and operate laboratories internationally, our ability to expand internationally may be limited, and have a negative impact on our business and results of operations.

In addition, our growth may place a significant strain on our management, operating and financial systems, research and development, and our sales, marketing, and administrative resources. As a result of our growth, our operating costs may escalate even faster than planned, and some of our internal systems may need to be enhanced or replaced. If we cannot effectively manage our expanding operations and our costs, we may not be able to grow successfully or we may grow at a slower pace, and our business could be adversely affected.

***Our business and results of operations will suffer if we fail to perform effectively.***

There are market participants in the cancer detection space both in the United States and abroad, including Adela, Inc., DELFI Diagnostics, Inc., Exact Sciences Corporation, Freenome Inc., Guardant Health, Inc., and Harbinger Health within the United States and AnchorDx, Anpac Bio-Medical Science Co., Ltd., Burning Rock Biotech Limited, Datar Cancer Genetics, Elypta AB, Gene Solutions JSC, Singlera Genomics, Inc. and Seekin, Inc. outside of the United States, among others, that have stated that they are attempting to develop tests designed to detect certain types of cancer, including some that will use cell free DNA ("cfDNA") analyses. The precision oncology market includes companies such as Roche/Foundation Medicine, Inc., Natera, Inc., Guardant, Inc., Tempus Labs, Inc., Invitae Corp., NeoGenomics Laboratories, Personalis, Inc., Twist Bioscience Corp. and Adaptive Biotechnologies Corp., among others. These companies have or may have greater financial, technical, and other resources, such as larger research and development staff, well-established marketing and sales forces, existing integrated systems connected to health practices' electronic health or medical records to facilitate product ordering and results delivery, or may operate in jurisdictions where lower standards of evidence are required to bring products to market. These companies may succeed in developing, acquiring, or licensing, on an exclusive basis or otherwise, tests or services that are more effective, have higher performance, or are less costly than our products. In addition, established medical technology, biotechnology, or pharmaceutical companies may invest to accelerate discovery and development of tests that could make our products less successful than we anticipate. For example, large and long-tenured healthcare, life sciences, or technology companies may initiate research and development of MCED and bring significant resources and disruption to the cancer detection space.

Our ability to perform successfully will depend largely on our ability to:

- successfully expand commercialization efforts for our products;
- demonstrate compelling advantages in the performance and convenience of our products, including on a cost efficient basis;
- achieve market acceptance of our products by healthcare providers and patients, including through our reputation;
- achieve adequate coverage and reimbursement by third-party payors for our products;
- differentiate our product from future tests and products of and third parties;
- attract qualified scientific, data science, clinical development, product development, and commercial personnel;
- obtain, maintain, defend, and enforce patent and other proprietary protection as necessary for our products;
- obtain and maintain any necessary or desirable marketing authorizations or certifications from regulators in the United States and other jurisdictions, and notified bodies;
- integrate product ordering and results delivery into practices' electronic health or medical records systems;
- successfully collaborate with institutions in the discovery, development, and commercialization of our products; and
- successfully expand our operations and implement a successful sales and marketing strategy to support commercialization.

We may not be able to perform effectively if we are unable to accomplish one or more of these or similar objectives.

***If we cannot maintain our current collaborations or partnerships and enter into new collaborations or partnerships in a timely manner and on acceptable terms, our efforts to develop and commercialize our products could be delayed or adversely affected.***

We rely, and expect to continue to rely, on collaborative partners to help us develop our products and enhance our research and development efforts. For example, we have collaborated with pharmaceutical companies, research institutions, and academic centers. Additionally, our RUO offering has formed the basis of biopharmaceutical partnerships with several leading oncology companies. These partnerships leverage our RUO offering to test applications of biomarkers with the goal of optimizing the use of therapeutic interventions. Partnerships may also include development of customized applications to support clinical studies and companion diagnostic development and commercialization. Our reliance on certain of these third parties reduces our control over our product development activities.

If any of our collaborators or partners were to breach or terminate their agreements with us or otherwise fail to conduct the contracted activities successfully and in a timely manner, the research and development activities of certain of our products could be delayed or terminated. Further, our collaborators or partners may fail to properly protect our intellectual property rights, may infringe the intellectual property rights of third parties, may misappropriate our trade secrets, or may use our proprietary information or others' in such a way as to expose us to litigation and potential liability. Disagreements or disputes with our collaborators or partners, including disagreements over proprietary rights, funding, or contract interpretation, might cause delays or termination of the research, development or commercialization of our products, might lead to additional responsibilities for us with respect to these products or activities or might result in litigation or arbitration, any of which would divert management attention and resources and be time-consuming and expensive. We may not be able to renew our current agreements with collaborators or partners or negotiate additional collaboration or partnership agreements on acceptable terms, if at all, and these collaborations and partnerships may not be successful. Any transition from a current collaborator to a new collaborator could be costly and result in significant product development delays.

From time to time, we expect to engage in discussions with potential development and/or commercial collaborators that may or may not lead to collaborations. However, we cannot guarantee that any discussions will result in development or commercial collaborations. Further, once news of discussions regarding possible collaborations are known in the general public, regardless of whether the news is accurate, failure to announce a collaboration agreement, or the entity's announcement of a collaboration with an entity other than us, could result in adverse speculation about us, our products, or our technology, resulting in harm to our reputation and our business. In addition, establishing collaborations is difficult, time-consuming and may require our significant financial investment. Potential collaborators may elect not to work with us based on their assessment of our financial, regulatory, or intellectual property position. Even if we establish new collaborations, they may not result in the successful development or commercialization of our products or technology.

***We will need to grow the size and capabilities of our organization, and we may experience difficulties in managing this growth. If we are unable to maintain and expand sales and marketing capabilities in particular, we may not be successful in increasing sales of Galleri or commercializing new products.***

As of March 31, 2024, we had approximately 1,360 employees, substantially all of whom were full-time. As our development plans and strategies develop, and as we transition into operating as a public company, we may require a significant number of additional managerial, operational, financial, and other personnel. Moreover, despite our progress made in driving commercial implementation to date, we may not be able to market, sell, or distribute Galleri, or any future products that we may develop and commercialize, effectively enough to support our planned growth.

Factors that may inhibit our efforts to commercialize any of our products include:

- our inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs, and other support personnel;

- the inability of sales personnel to generate an adequate numbers of customers, including healthcare systems and healthcare providers, to use our products;
- the inability to price our products at a sufficient price point to ensure an adequate and attractive level of gross margin and profitability;
- our inability to effectively market to, collaborate with, and secure coverage and reimbursement from third-party payors;
- our failure to comply with applicable regulatory requirements governing the sale, marketing, reimbursement, and commercialization of our products; and
- unforeseen costs and expenses associated with maintaining a commercialization organization.

Future growth will impose significant added responsibilities on members of management besides those related to our efforts to commercialize, which will include: managing our internal development efforts effectively, including creating compliant programs and processes, such as a compliant laboratory and manufacturing quality system, and managing the regulatory requirements for our products, while complying with our contractual obligations to contractors and other third parties, including patient-facing service providers; expanding our operational, financial and management controls, reporting systems, and procedures; and managing the increasing complexity associated with a larger organization and expanded operations.

Our future financial performance and our ability to commercialize our products will depend, in part, on our ability to effectively manage any future growth. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to manage these growth activities. Our ability to successfully manage our expected growth is uncertain given the fact that we have been in operation as a company only since 2016, and have grown significantly in recent years.

If we are not able to effectively expand our organization by hiring new employees, we may not be able to successfully implement the tasks necessary to commercialize our products, which would have a negative impact on our business and results of operations.

***We are highly dependent on our key personnel. If we are not successful in attracting, motivating, and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.***

Our ability to perform in the biotechnology industry depends upon our ability to attract, motivate, and retain highly qualified personnel. We are highly dependent on our executive management team and our scientific, medical, technological, and engineering personnel. The loss of the services provided by any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to find suitable replacements in a timely manner, could result in delays in commercialization of our products and harm our business.

We are headquartered in Menlo Park, California, a region in which many other healthcare companies, technology companies, and academic and research institutions are headquartered. In addition, we operate a laboratory facility in Durham, North Carolina, where there is also demand for skilled personnel, especially engineering and laboratory personnel. Competition for personnel is intense and the turnover rate can be high, which may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. We expect that we may need to recruit talent from outside of these regions, and doing so may be costly and difficult.

To induce valuable employees to join or remain at our company, in addition to salary and periodic cash incentives, we have generally granted Cash-Based Equity Awards that vest over time. The value to employees of these grants that vest over time may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with certain key employees, these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. If we are unable to attract and incentivize highly qualified personnel on acceptable terms in a timely manner, or at all, our business and results of operations may suffer.

***Our business is subject to economic, political, regulatory, and other risks associated with international operations.***

Our business is subject to risks associated with conducting business internationally. For example, some of our suppliers and parties with whom we have collaborative relationships are located outside the United States, including in the United Kingdom and Israel. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability, in particular non-U.S. economies and markets;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign jurisdictions that do not respect and protect intellectual property rights to the same extent as the United States;
- trade protection measures, import or export controls and licensing requirements (including possible restrictions on licensing intellectual property to certain non-U.S. persons) or other restrictive actions by U.S. or non-U.S. governments;
- changes in non-U.S. laws, regulations and customs, tariffs, and trade barriers;
- changes in non-U.S. laws, regulations, and policies related to data privacy, data protection, and cybersecurity in the transfer or transmittal of data across boundaries and geographies;
- exchange rate risk we may face from denominating a portion of our transactions in currencies other than the U.S. dollar;
- changes in a specific country's or region's political or economic environment;
- negative consequences from changes in tax laws;
- negative consequences from changes in U.S. national security laws, including those governing non-U.S. investors' ownership of U.S. biotech and other technology companies and U.S. companies' ability to enter into joint ventures with non-U.S. entities;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- potential liability under the Foreign Corrupt Practices Act ("FCPA") or comparable foreign laws; and
- business interruptions resulting from geo-political actions, including war and terrorism, such as recent conflicts in the Middle East, pandemics, or natural disasters, including earthquakes, typhoons, floods, and fires.

In addition, in recent years, U.S. administrations have publicly supported potential trade proposals that may affect U.S. trade relations with other countries. It is unclear at this point how, if at all, such actions or other potential actions would impact our business or operations, but the uncertainty surrounding these matters could create difficulties in our efforts to partner with certain healthcare providers, suppliers, and insurance carriers. Moreover, future operational expansion into other geographies will subject us to additional political and regulatory regimes that will require us to invest in compliance efforts and may result in additional risks, including, among others, exposure to various and potentially conflicting regulations, international sanctions and compliance rules, country-specific requirements for testing, approval, and processing of patient information and biological samples, as well as the risks associated with political and macroeconomic climates in any such geographies. For example, the potential commercialization of Galleri with the NHS could be delayed or otherwise impacted if there is a change in the government in the United Kingdom. These and other risks

associated with our planned international operations may materially and adversely affect our business, costs and growth prospects.

Our ability to successfully and efficiently conduct any required in-country studies in other countries or regions in which we seek to expand may also be impacted, or may be impossible, due to the regulatory requirements of such countries. Some countries may require that we carry out testing of our products or future products through government partnerships, which may be difficult to navigate or which may limit our ability to deliver the results we intend. Moreover, the demographics in other countries or regions may differ vastly, such that study results may not appear as successful, due to, for example, a lower incidence of cancer in the local population. Such outcomes may adversely impact demand for our products in other countries. Finally, our ability to expand internationally may be limited by the availability of international laboratory space or requirements that will permit us to store, collect, and analyze biological samples required for current or future products, including space that could be made available through potential partners in such countries or regions. These and other unknown risks make it difficult for us to assess the potential success of our international expansion and the costs associated therewith. We are also subject to a number of risks relating to regulations and legal compliance. For additional information, see "— Risks Relating to Regulation and Legal Compliance" beginning on page 58 of this Information Statement.

***Our information technology systems, or those used by our third-party collaborators or other contractors or consultants, may fail or suffer security breaches or cyberattacks.***

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, store, and transmit large amounts of confidential information, including intellectual property, proprietary business information, personal, financial, and health information of patients and personal and financial information of our employees and contractors. It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information.

Despite the implementation of security and back-up measures, our information technology systems as well as those of our third-party collaborators, consultants, contractors, suppliers, and service providers, may be vulnerable to attack, damage, or interruption from physical or electronic break-ins, computer viruses, malware, malicious code, ransomware, denial or degradation of service, hacking, phishing attacks, and other cyber-attacks, natural disasters, terrorism, war, telecommunication and electrical failures, instructions and attacks from sophisticated nation-state and nation-state-supported actors (including advanced persistent threat intrusions), or other disruptive incidents that could result in unauthorized access to, use or disclosure of, corruption of, or loss of sensitive, and/ or proprietary data, including personal information, protected health information, and other sensitive information, and could subject us to significant liabilities and regulatory and enforcement actions, and reputational damage. The risk of a security breach or disruption, particularly through cyberattacks 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 and evolved. If we or our third-party vendors were to experience a significant cybersecurity breach of our or their information technology systems or data, the costs associated with the investigation, remediation, and potential notification of the breach to counter-parties and data subjects could be material, in addition to any money required to resolve a ransomware attack. For example, laws in the European Economic Area ("EEA"), the United Kingdom, and all 50 U.S. states may require businesses to notify regulators within specific timeframes that a breach affecting personal information has occurred and/or to provide notice to individuals whose personal information has been impacted as a result of such breach. Complying with such numerous and complex regulations in the event of a data security breach would be expensive and difficult, and failure to comply could subject us to regulatory scrutiny and additional liability. In addition, our remediation efforts may not be successful. Even if we do allocate and effectively manage the resources necessary to build and sustain the proper technology and cybersecurity infrastructure, we could nevertheless suffer significant business disruption, including transaction errors, supply chain or manufacturing interruptions, processing inefficiencies, data loss, or the loss of or damage to intellectual property or other proprietary information.

Companies with whom we engage in data sharing, including our service providers, are from time to time subject to cyberattacks and security incidents. While we do not believe that we have experienced any significant system failure, accident, or security breach to date, we may nonetheless be a target of such an attack, and if such an event were to occur and cause interruptions in our operations, or any of our third-party collaborators' operations, it could result in a material disruption of our development programs, reputation, and business operations whether due to a loss, corruption, or unauthorized disclosure of our trade secrets, personal information, financial information, health information, or other proprietary or sensitive information, or other similar disruptions. For example, the loss of clinical study data from completed or ongoing clinical studies could result in delays in any regulatory clearance, approval, or certification efforts and significantly increase our costs to recover or reproduce the data, and subsequently commercialize our products. If we or our third-party collaborators, consultants, contractors, suppliers, or service providers were to suffer an attack or breach, for example, that resulted in the unauthorized access to or use or disclosure of personal or health information, we may have to notify physicians, patients, partners, collaborators, government authorities, and the media, and may be subject to investigations, civil penalties, administrative and enforcement actions, and litigation, any of which could harm our business and reputation. Likewise, we rely on our third-party research institution collaborators and other third parties to conduct clinical studies, and similar events relating to their computer systems could also have a material adverse effect on our business. It could also expose us to risks, including an inability to provide our services and fulfill contractual demands, and could cause management distraction and the obligation to devote significant financial and other resources to mitigate such problems, which would increase our future information security costs, including through organizational changes, deploying additional personnel, reinforcing administrative, physical, and technical safeguards, further training of employees, changing third-party vendor control practices, and engaging third-party subject matter experts and consultants and reduce the demand for our technology and services. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or systems, or inappropriate or unauthorized access to or disclosure or use of confidential, proprietary, or other sensitive, personal, or health information, we could incur liability, we could be exposed to the risk of litigation, our market position could be harmed, we could suffer reputational harm, and the development and commercialization of our products could be delayed. Furthermore, federal, state, and international laws and regulations can expose us to enforcement actions and investigations by regulatory authorities, and potentially result in regulatory penalties, fines, and significant legal liability, if our information technology security efforts fail or if there are material findings regarding data security or data integrity deficiencies by us or our critical partners, vendors, or suppliers.

Attacks on information technology systems are increasing in their frequency, levels of persistence, sophistication, and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security incidents that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.

Our insurance policies may not be adequate to compensate us for the potential losses arising from such disruptions, failure, or security breach. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and defending a suit, regardless of its merit, could be costly, divert management attention, and harm our reputation.

***If we are sued for product or professional liability, we could face substantial liabilities that exceed our resources and insurance coverage.***

Actual or perceived errors resulting from laboratory or reporting errors, false positive or false negative test results, or the manufacture, design, marketing, or labeling of our products, could subject us to product liability or professional liability claims. A product liability or professional liability claim against us could result in

substantial damages and be costly and time-consuming to defend. These risks may be more pronounced for certain applications in our precision oncology portfolio, such as companion diagnostic development, as our products would be directly involved with the choice to use certain treatments in a particular case. Although we maintain liability insurance, including for errors and omissions, our insurance may not fully protect us from the financial impact of defending against these types of claims or any judgments, fines, or settlement costs arising out of any such claims. Any liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any liability lawsuit could damage our reputation or force us to suspend sales of our products. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

***Our quarterly results of operations may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.***

We expect our results of operations to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- our ability to successfully develop, market, and sell our products, including Galleri and our future products, such as our precision oncology portfolio and DAC, if and when launched;
- the prices at which we are able to sell our products;
- the impact of market developments or our response thereto;
- disruptions in our business due to manufacturing, supply, security breaches, outages, or other issues;
- the cost of performing next-generation sequencing;
- the extent to which our products are deemed eligible or ineligible for coverage and reimbursement from third-party payors;
- changes in coverage and reimbursement or in reimbursement-related laws directly affecting our business;
- our ability to obtain regulatory approval for our products, and the degree of impact of those approvals on perceptions of our products and market demand;
- regulatory developments affecting our products or any future competing products;
- timing of investments in our laboratories and other infrastructure;
- timing of expenditures in connection with our clinical studies;
- the success of our international expansion efforts; and
- non-routine cash and non-cash expenses and write-offs, whether associated with acquisitions, restructuring activities, litigation, investigations, or otherwise.

If our quarterly results of operations fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our results of operations, which could be caused by any number of factors including seasonality of prescribing our products, may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

***Acquisitions or other strategic transactions may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.***

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

- increased operating expenses and cash requirements;
- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities that would result in dilution to our stockholders;
- assimilation of operations, intellectual property, and products of an acquired company;
- difficulties associated with integrating new personnel;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such an acquisition or strategic partnership;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing or future products and regulatory approvals or certifications, and the validity and enforceability of their intellectual property;
- inability to consummate acquisitions on which we spend a significant amount of time and resources;
- possible write-offs or impairment charges relating to acquired businesses; and
- our inability to generate revenue from acquired intellectual property, technology, or tests sufficient to meet our objectives or offset the associated transaction costs.

In addition, as our strategy evolves, we may opt to discontinue, deprioritize, or dispose of assets, technologies, or acquired businesses.

***Litigation, regulatory, and other proceedings, including those related to or resulting from the acquisition of our business by Illumina, could lead us to incur significant costs and adversely affect our business, results of operations, financial condition, and prospects.***

We are, or may become, party to various lawsuits and claims arising in the normal course of business, which may include putative class action suits or other lawsuits or claims relating to regulatory or other matters, privacy, intellectual property, and/or employment matters, or other aspects of our business. For example, since the acquisition of our business by Illumina in 2021, the acquisition has been subject to various legal challenges, including by the FTC and the European Commission. At the time of the acquisition, Illumina executed binding commitments pursuant to which Illumina would hold GRAIL separately during the European Commission's review of the acquisition (the "Hold Separate Commitments"). Pursuant to such Hold Separate Commitments and the various orders of the European Commission related to its review of the acquisition, we and Illumina have operated as independent legal entities that transact at arms' length. As a result, we have been a party, together with Illumina and as a separate party, to a number of regulatory and administrative proceedings regarding the acquisition, including ongoing proceedings regarding the European Commission's assertion of jurisdiction to review the acquisition of GRAIL by Illumina under Article 22(1) of Council Regulation (EC) No 139/2004, for which we filed a separate appeal in the Court of Justice of the European Union on September 30, 2022. In addition, we have intervened in certain procedures in support of Illumina, including in respect of Illumina's requested annulment of the decision of the European Commission that the acquisition is incompatible with the internal market in Europe and regarding various interim measures imposed by the European Commission. On December 5, 2022, the European Commission issued a Statement of Objections informing Illumina of the order it

intended to adopt which would require Illumina to divest GRAIL (the "EC Divestment Decision"). On October 12, 2023, the European Commission announced that it had adopted the EC Divestment Decision, which orders Illumina to, among other things, divest GRAIL. While the risks and costs related to the foregoing proceedings, including the costs associated with our intervention in the proceedings and all other legal costs, are fundamentally borne by Illumina and not by us, following the Spin-Off we may become or remain party to certain related administrative and litigation proceedings. For example, as certain provisions of the EC Divestment Decision will continue to apply to GRAIL after the Spin-Off, we expect to continue to have separate limited interactions with the European Commission. GRAIL is also expected to remain involved as a separate party from Illumina in a number of ongoing court proceedings, such as ongoing procedures regarding our separate appeal of the European Commission's assertion of jurisdiction to review the acquisition of GRAIL by Illumina under Article 22(1) of Council Regulation (EC) No 139/2004. We may also be a party or otherwise involved in new litigation proceedings regarding the acquisition.

Lawsuits and other proceedings have in the past and may in the future result in us incurring significant expenses in settlement and litigation costs. Any negative outcome from any such lawsuits or claims could result in payments of substantial monetary damages or fines, or undesirable changes to our products or business practices and, accordingly, our business, results of operations, financial condition, or prospects could be adversely affected. There can be no assurances that a favorable final outcome will be obtained in any or all instances, and defending any lawsuit, even unmerited claims, is costly and can impose a significant burden on management and employees. Any litigation to which we are a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal or in payments of substantial monetary damages or fines, or we may decide to settle lawsuits on similarly unfavorable terms, which could adversely affect our business, results of operations, financial condition, and prospects.

**Risks Relating to Regulation and Legal Compliance**

***We have launched Galleri as an LDT, and plan to launch DAC as an LDT in the United States. The FDA recently finalized a regulation pursuant to which it plans to subject LDTs to medical device requirements through a phase-out of its historical policy of enforcement discretion over LDTs over a period of four years. The phase-in of medical device requirements to LDTs, including the potential requirement for FDA marketing authorization, will be costly and time-consuming, and if we fail to comply with such requirements, or if we cannot ultimately obtain marketing authorization for our LDTs where required, our business will be substantially harmed.***

While we plan to complete our PMA submission seeking regulatory approval from the FDA for Galleri, we launched Galleri in the United States as an LDT and intend to initially launch DAC in the United States as an LDT. LDTs are *in vitro* diagnostic ("IVD") tests that are intended for clinical use and are designed, manufactured, and used within a single laboratory certified for high complexity testing under CLIA. Although LDTs are classified by the FDA as medical devices and the FDA has asserted statutory authority to ensure that medical devices, including LDTs, are safe and effective for their intended uses, the FDA has historically exercised enforcement discretion and has not enforced certain otherwise applicable FDA requirements, including premarket review, with respect to LDTs, with certain exceptions such as in the case of tests for public health emergencies, where the tests are available directly to the consumer, where the tests represented a significant public health concern, or where the FDA has concerns that a company's performance claims related to its tests are not sufficiently validated by clinical data.

Even under that enforcement discretion policy, the FDA has issued warning letters to and safety communications about IVD device manufacturers for commercializing laboratory tests that were purported to be LDTs but that the FDA alleged failed to meet the definition of an LDT or otherwise were not subject to the FDA's enforcement discretion policy.

The FDA has for a number of years stated its intention to modify its enforcement discretion policy with respect to LDTs and impose applicable medical device requirements to LDTs more broadly. Most recently, the

FDA proposed an amendment to its regulations in October 2023 to clarify the FDA's historical view that LDTs are medical devices subject to the requirements applicable to other IVDs, and to phase out its enforcement discretion policy over a period of four years from issuance of the final rule, which would involve a phase-in of medical device requirements to these products over this time period. The FDA issued this final rule on May 6, 2024, which will subject our products currently marketed as LDTs and any products that we may market as LDTs in the future to the FDA's standard regulatory requirements applicable to medical devices in accordance with this phase-in period, potentially including the requirement for FDA marketing authorization.

In connection with the final rule, the FDA established certain new, targeted enforcement discretion policies, including, among others, for LDTs marketed as of the date of publication of the final rule (May 6, 2024), as well as for LDTs that have received approval from New York State's Clinical Laboratory Evaluation Program ("NY CLEP"). Specifically, the FDA intends to exercise enforcement discretion and not enforce certain medical device requirements (including the requirements for marketing authorization and compliance with certain elements of the Quality System Regulation ("QSR")) with respect to LDTs that were marketed as of the date of the final rule's publication, although such products must still comply with certain other FDA requirements, including registration and listing, portions of the QSR, medical device reporting, labeling, and corrections and removals reporting. However, where these tests are modified in certain ways from the version of the test marketed as of the final rule's publication date, this enforcement discretion policy will no longer apply and the FDA intends to enforce all applicable FDA requirements (including premarket review and marketing authorization requirements) consistent with the phase-in policy. In addition, for LDTs that receive approval from NY CLEP, FDA intends not to enforce marketing authorization requirements when these requirements are phased in more generally at either three and a half or four years following the date of publication of the final rule. However, these tests will still be subject to the remaining medical device requirements, including registration and listing, medical device reporting, and quality system requirements, at the time that such requirements are phased in more generally.

Notwithstanding these new targeted enforcement discretion policies, depending on the kinds of future changes we make to our currently-marketed LDT or any NY CLEP-approved LDT we offer, we may become subject to the application of the phase-in of all FDA medical device requirements (including the need to seek and obtain marketing authorization) at the time that those medical device requirements are phased in more generally. If we are unable to comply with the phase-in of medical device requirements applicable to our LDTs over the phase-in period, we may be required to cease marketing any products that we market as LDTs. In addition, efforts by the FDA to actively regulate LDTs could create a negative public perception about the validity, safety, effectiveness, or performance of LDTs, including our products, that could adversely affect patient, provider, and customer perception about, and confidence in, our products.

Moreover, the FDA may assert that we are improperly marketing our LDTs and may take enforcement action against us and/or require premarket review and marketing authorization, even before the deadline for phasing in medical device requirements to LDTs. The FDA may request that we provide additional analyses and information beyond that which we intend to produce based on the designs of our current and planned clinical studies, or that we modify or narrow our intended use or product claims. It is possible that the FDA, among other things, may disagree with our interpretation of data we have relied on to support our LDT launches for our intended uses. If we are required to provide additional analyses or additional data or perform additional clinical studies beyond those we currently contemplate to support the intended uses of our products or future products, our planned commercial launches may be delayed and we may be required to cease commercialization of any products we currently market as LDTs. A delay in the launch of our products, or significantly narrowing their intended uses, could negatively impact our financial condition and results of operations.

In addition, Congress has, for over the past decade, considered a number of proposals, which if enacted, would subject LDTs to additional regulatory requirements. For example, in recent years, Congress has worked on legislation to create a novel regulatory framework governing a new category of FDA-regulated products, referred to as *in vitro* clinical tests ("IVCTs"), which would govern LDTs and would be separate and distinct from the existing medical device regulatory framework. For example, most recently, in March 2023, the Verifying

Accurate Leading-edge IVCT Development Act of 2023 (the "VALID Act") was introduced. The bill would have established a risk-based approach to imposing requirements related to premarket review, quality systems, and labeling requirements on all IVCTs, including LDTs, but would grandfather certain LDTs marketed before the effective date of the bill and exempt them from certain requirements. It is unclear whether the VALID Act or any other or similar legislative proposals (including any proposals that would, in contrast, reduce FDA oversight of LDTs) will be passed by Congress or signed into law by the President. Depending on the approach adopted under any potential legislation, certain LDTs (likely those of higher risk) may be required to undergo some form of premarket review, potentially with a transition period for compliance and a grandfathering provision. Any such legislation could substantially alter our commercial offering and marketing of LDTs and negatively impact our financial condition and results of operations.

As the FDA begins to phase out its policy of enforcement discretion for LDTs as recently described in its final rule subjecting LDTs to affirmative medical device regulation, or if it asserts that our LDTs are not eligible for application of its new, targeted enforcement discretion policies, or if Congress enacts legislation such as the VALID Act to subject LDTs to affirmative FDA oversight as IVCTs, we may be required to obtain marketing authorization for our LDT products from the FDA prior to initially launching our future products or may be required to cease marketing any commercially marketed products that are marketed as LDTs until such marketing authorization is obtained or the applications are submitted. There can be no assurance that we will be able to obtain such marketing authorization or that any labeling claims will be consistent with the claims we have made or intend to make for such products when launched as LDTs, or that such claims will be adequate to support continued adoption of and reimbursement for our products. Even if our products are allowed to remain on the market prior to any required marketing authorization, demand or reimbursement for our products may decline if there is uncertainty about our products, if we are required by the FDA to label our products as investigational, or if the FDA limits the labeling claims we are permitted to make for our products. As a result, we could experience significantly increased development costs and a delay in generating additional revenue from our products, or from other future products now in development, which could reduce our revenues or increase our costs and adversely affect our business, results of operations, financial condition, or growth prospects.

***The regulatory clearance, approval, or certification processes of the FDA and comparable foreign regulatory authorities or notified bodies are lengthy, time-consuming, and unpredictable. If we are ultimately unable to obtain any necessary or desirable regulatory approvals, clearances, or certifications, or if such approvals, clearances, or certifications are significantly delayed, our business will be substantially harmed.***

We have not yet obtained FDA clearance or approval for any of our products or products in development. We are in the process of seeking PMA approval from the FDA for Galleri, while we market Galleri as an LDT. We may also seek FDA approval or clearance for other products in the future, such as DAC. The time required and ability to obtain clearance or approval by the FDA and comparable foreign regulatory authorities is unpredictable, typically takes several years following the commencement of clinical studies, and depends upon numerous factors, including the type, complexity, and novelty of our products and future products. In addition, policies, laws, regulations, or the type and amount of clinical data necessary to gain clearance or approval may change during the course of a test's clinical development and may vary among jurisdictions, which may cause delays in the clearance or approval of, or the decision not to approve, an application. Regulatory authorities have substantial discretion in the premarket review process and may refuse to accept any application, decide that all or part of our data are unusable or insufficient for clearance or approval, require additional clinical or other data, including analytical validation data, determine that our manufacturing and quality systems are insufficient or in violation of applicable requirements, or determine that our clinical research program is insufficient or in violation of applicable good clinical practice or other requirements related to research compliance, human subject protections, or data integrity. Even if we believe our data are sufficient to support marketing authorization, regulatory authorities may disagree, or may require the generation and submission of additional data or analyses, which could significantly delay or preclude marketing authorization.

Before a new medical device can be marketed in the United States, a company must first submit an application for and receive 510(k) clearance pursuant to a premarket notification submitted under Section 510(k)

of the FDCA, approval of a PMA application, or grant of a de novo classification request from the FDA, unless an exemption applies. In the 510(k) clearance process, before a device may be marketed, the FDA must determine that a proposed device is "substantially equivalent" to a legally marketed "predicate" device, which includes a device that has been previously cleared through the 510(k) process, a device that was legally marketed prior to May 28, 1976 (pre-amendments device), a device that was originally on the U.S. market pursuant to an approved PMA and later down-classified, or a 510(k)-exempt device. To be "substantially equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data are sometimes required to support substantial equivalence. In the process of obtaining PMA approval, which we are pursuing for Galleri, the FDA must determine that a proposed device is safe and effective for its intended use based, in part, on extensive data, including, but not limited to, technical, analytical validation, pre-clinical, clinical trial, manufacturing, and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. In the de novo classification process, a manufacturer whose novel device under the FDCA would otherwise be automatically classified as Class III and require the submission and approval of a PMA prior to marketing is able to request down-classification of the device to Class I or Class II on the basis that the device presents a low or moderate risk. If the FDA grants the de novo classification request, the applicant will receive authorization to market the device. This device type may be used subsequently as a predicate device for future 510(k) submissions.

The PMA approval, 510(k) clearance and de novo classification processes can be expensive, lengthy and uncertain. The FDA's 510(k) clearance process usually takes from three to 12 months, but can take longer. The process of obtaining a PMA is much more costly and uncertain than the 510(k) clearance process and generally takes from one to three years, or even longer, from the time the application is submitted to the FDA, including if an Advisory Committee is needed to evaluate a novel technology, which could occur for the review of a PMA for Galleri. In addition, a PMA generally requires the performance of one or more clinical trials. Despite the time, effort and cost, a device may not obtain marketing authorization by the FDA. Any delay or failure to obtain necessary regulatory marketing authorizations could harm our business. Furthermore, even if we are granted such marketing authorizations, they may include significant limitations on the indicated uses for the test, which may limit the potential commercial market for the test.

In the United States, any modification to a product for which we receive clearance or approval may require us to submit a new 510(k) notification and obtain clearance, to submit a PMA and obtain FDA approval, or to submit a de novo request prior to implementing the change. For example, any modification to a 510(k)-cleared device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, generally requires a new 510(k) clearance or other marketing authorization. The FDA requires every manufacturer to make such determinations in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with a manufacturer's decisions regarding whether new clearances or approvals are necessary. If we obtain clearances or approvals from the FDA, we may make modifications or add additional features in the future that we believe do not require a new 510(k) clearance, de novo request or approval of a PMA application or supplement. If the FDA disagrees with our determination and requires us to seek new marketing authorizations for the modifications for which we have concluded that new marketing authorizations are unnecessary, we may be required to cease marketing and/or to recall the modified product until we obtain such marketing authorization, and we may be subject to significant regulatory fines or penalties. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, product introductions or modifications could be delayed or canceled, which could adversely affect our business.

In addition, we are or may become subject to new laws, regulations, and industry standards concerning medical devices proposed and enacted in various foreign jurisdictions. The EU regulatory landscape concerning IVDs recently evolved. On May 26, 2022, the EU In Vitro Diagnostic Medical Devices Regulation ("EU IVDR") entered into force, which repeals and replaces the EU In Vitro Diagnostic Medical Devices Directive ("EU IVDD"). Subject to the transitional provisions (i.e., a tiered system extending the grace period for many devices

(depending on their risk classification) before they have to be fully compliant with the EU IVDR) and in order to sell our products in the EU member states, our products must comply with the general safety and performance requirements of the EU IVDR. Compliance with these requirements is a prerequisite to be able to affix the European Conformity ("CE") mark to our products, without which they cannot be sold or marketed in the EU. All medical devices placed on the market in the EU must meet the general safety and performance requirements laid down in Annex I to the EU IVDR including the requirement that a medical device must be designed and manufactured in such a way that, during normal conditions of use, it is suitable for its intended purpose. Medical devices must be safe and effective and must not compromise the clinical condition or safety of patients, or the safety and health of users and – where applicable – other persons, provided that any risks which may be associated with their use constitute acceptable risks when weighed against the benefits to the patient and are compatible with a high level of protection of health and safety, taking into account the generally acknowledged state of the art. To demonstrate compliance with the general safety and performance requirements, manufacturers must undergo a conformity assessment procedure, which varies according to the type of in vitro diagnostic medical device and its (risk) classification. A conformity assessment procedure generally requires the intervention of a notified body. The notified body would typically audit and examine the technical file and the quality system for the manufacture, design and final inspection of our devices. If satisfied that the relevant product conforms to the relevant general safety and performance requirements, the notified body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE mark to the device, which allows the device to be placed on the market throughout the EU.

If we fail to comply with applicable laws and regulations, we would be unable to affix the CE mark to our products, which would prevent us from selling them within the EU. The aforementioned EU rules are generally applicable in the EEA (which consists of the 27 EU member states plus Iceland, Norway and Liechtenstein). Non-compliance with the above requirements would also prevent us from selling our products in these three countries.

Following Brexit, EU laws such as the EU IVDR do not apply directly in Great Britain, however under the terms of the Protocol on Ireland/Northern Ireland, the EU IVDR does apply in Northern Ireland. Consequently, there are currently different regulations in place in Great Britain as compared to both Northern Ireland and the EU, respectively. Ongoing compliance with both sets of regulatory requirements may result in increased costs for our business.

Furthermore, the U.K. government is currently drafting amendments to the U.K. MDR which is likely to result in further changes to the Great Britain regulations in the near future. For example, subject to transitional periods for validly certified devices, the new Great Britain regulations are expected to require IVDs placed on the Great Britain market to be "UKCA" certified by a U.K. Approved Body in order to be lawfully placed on the market. The U.K. government has stated that the core elements of the new regime are likely to apply from July 1, 2025 but that IVDs in compliance with either the EU IVDD or EU IVDR can continue to be placed on the Great Britain market until the sooner of certificate expiration or June 30, 2030; understanding and ensuring compliance with any new requirements is likely to lead to further complexity and increased costs to our business. If there is insufficient U.K. approved body capacity, there is a risk that our product certification could be delayed which might impact our ability to market products in Great Britain after the respective transition periods.

It is currently unclear to what extent the U.K. government will seek to align its regulations with the EU. The EU laws that have been transposed into U.K. law through secondary legislation remain applicable in Great Britain, however the U.K. government is expected to introduce changes to the applicable requirements in Great Britain and the full extent of these changes remains uncertain and may cause additional cost to our business.

Significant political and economic uncertainty remains about how much the relationship between the United Kingdom and EU will differ as a result of the U.K.'s withdrawal. These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market

liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition, and results of operations and reduce the price of our common stock.

The FDA, other regulators or notified bodies can delay, limit, or deny clearance, approval, or certification of a product for many reasons, including but not limited to the following:

- the FDA, comparable foreign regulatory authorities or notified bodies may disagree with the design, implementation, or results of, or interpretation of the data from, our clinical studies;
- the FDA, comparable foreign regulatory authorities or notified bodies may determine that our product has not been shown to be safe and effective or substantially equivalent to a predicate device, or has other characteristics that preclude us from obtaining marketing authorization or certification, or prevent or limit its commercial use (for example, a narrowed indication for use claim);
- the population studied in the clinical program may not be sufficiently broad, generalizable, or representative of the intended target population of our product to assure effectiveness and safety in the population for which we seek approval, clearance, or certification;
- the FDA, comparable foreign regulatory authorities or notified bodies may disagree with our interpretation of data from clinical studies or may fail to accept data from clinical studies (or clinical sites), including if we fail to establish the integrity of our data;
- the FDA, comparable foreign regulatory authorities or notified bodies may determine that our clinical studies otherwise fail to comply with applicable regulations, including good clinical practice requirements;
- serious or unexpected adverse effects or other performance issues are identified with our existing or future products;
- the FDA, comparable foreign regulatory authorities or notified bodies may determine that our manufacturing or quality system fails to comply with applicable regulations or otherwise fails to meet the standards necessary to support approval or certification; and
- the approval (or certification) policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval or certification.

We are engaged in ongoing discussions with the FDA regarding the clinical studies and data that will be needed to support a successful PMA for a multi-cancer test for our planned indications, based on the designs of our current and planned clinical studies. There can be no assurance that our existing or future products for which we may seek clearance, approval, or certification will be approved, cleared, or certified by the FDA, a comparable foreign regulatory authority or a notified body on a timely basis, if at all. If our products or future products receive clearance, approval, or certification but there is uncertainty about such products among providers or payors, reimbursement may be adversely affected and we may not be able to sell our products. Compliance with FDA or comparable foreign regulations will require substantial costs, and subject us to heightened scrutiny by regulators and substantial penalties for failure to comply with such requirements or the inability to market our products, if and when cleared, approved, or certified. The lengthy and unpredictable clearance, approval, and certification processes, as well as the unpredictability of the results of our clinical studies, may result in our failing to obtain regulatory clearance, approval, or certification to market our products, which would significantly harm our business, results of operations, reputation, and prospects.

***Regulatory approval by the FDA or other regulatory authorities is limited to those specific indications and conditions for which approval has been granted, and we may be subject to substantial fines, criminal penalties, injunctions or other enforcement actions if we are determined to be promoting the use of our products for unapproved or "off-label" uses, or in a manner inconsistent with the approved labeling, resulting in damage to our reputation and business.***

We must comply with requirements concerning advertising and promotion for any product candidates for which we obtain marketing approval from the FDA. When the FDA or other regulatory authorities issue regulatory approval for a product, the regulatory approval is limited to those specific uses and indications for which a product is approved.

There can be no assurance that labeling claims will be consistent with our anticipated claims or current claims or marketing statements, including with respect to Galleri as an LDT and its current marketing as an MCED test in its intended use population, or adequate to support adoption of, or reimbursement for, our products. If the approved, cleared, or certified indication or other labeling claims the FDA or a comparable foreign regulatory authority or notified body allows us to make are more limited than we expect, or are more limited than current claims made with respect to Galleri, our business, prospects, and growth may be adversely affected and we may be limited in our ability to sell, or unable to sell, our products. If we are not able to obtain FDA approval for desired uses or indications for our current and future products, we may not market or promote them for those indications and uses, and our business, financial condition, results of operations, stock price and prospects could be materially harmed. We also must sufficiently substantiate any claims that we make for any products, including claims comparing those products to other companies' products, and must abide by the FDA's strict requirements regarding the content of promotion and advertising.

***Our multi-cancer detection tests are a new approach to cancer screening, which present a number of novel and complex issues for FDA review. Because the FDA has never cleared or approved a multi-cancer detection test, it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use, or if we will be able to obtain such approval on a timely basis or at all.***

Our multi-cancer detection tests represent a new approach to cancer screening, and obtaining FDA approval for Galleri presents a number of novel issues. The FDA has never granted marketing authorization for a multi-cancer detection test. Additionally, in March 2020, the FDA held a public workshop to discuss the clinical, scientific, and regulatory challenges associated with circulating tumor DNA cancer screening tests, and we expect the FDA to continue to gather input from a variety of industry, academic, and clinical stakeholders to inform its thinking on how to assess these types of tests, including potentially convening an Advisory Committee meeting during review of a PMA for Galleri (or another company's PMA for a multi-cancer early detection test, should it precede ours). In fact, the FDA recently announced a November 29, 2023 meeting of the Molecular and Clinical Genetics Panel of the Medical Devices Advisory Committee to discuss and make recommendations on the design of multi-cancer detection in vitro diagnostic devices (tests) as well as potential study designs and study outcomes of interest that could inform the assessment of the probable benefits and risks of multi-cancer detection screening tests. The FDA stated that the committee's discussion and recommendations from this meeting will help inform future FDA regulatory efforts for these novel tests. As such, the FDA requirements that will govern multi-cancer detection tests, as well as the breadth and nature of data we must provide the FDA, to support the proposed intended use, may be subject to change.

As part of our ongoing discussions with the FDA regarding the data that will be needed to support a PMA for a multi-cancer detection test based on a proposed intended use, the FDA has provided preliminary, nonbinding feedback regarding how it potentially plans to assess the safety and effectiveness of Galleri based on potential intended use statements.

In addition, we have made pre-submissions to the FDA detailing the clinical and analytical studies intended to support our PMA submission for Galleri, including related to limit of detection, reproducibility, repeatability

and other analytical validation studies. Subsequent to these pre-submissions, we met with the FDA and the FDA provided written and verbal feedback, documented in minutes, confirming the use of certain of our proposed studies in our PMA submission and requesting or suggesting changes to certain of our proposed studies, for which we have reached mutual agreement. For example, the FDA stated that an analytical accuracy study would not be relevant to be performed due to the unique nature of our methylation-based signature assay and lack of precedent approved diagnostic assays. In addition, the FDA stated that we can perform our LoD studies using samples from known cancer cell lines instead of clinical samples due to the nature of the methylation-based functions and mechanics of the assay. While we plan to continue discussions with the FDA and provide the FDA with additional information, the FDA may raise additional questions or request additional information in connection with the submission of a marketing application.

Given the novel nature and complexity of our multi-cancer detection tests, we cannot be certain whether we will receive FDA approval for Galleri and whether the studies we have conducted, are currently conducting, or plan to conduct, will be sufficient to provide the data that the FDA requires to support a proposed intended use. For example, we plan on providing evidence from our PATHFINDER 2 study and NHS-Galleri Trial premarket to support a PMA as our pivotal study data, as well as supplemental data from other clinical studies, and certain clinical data in the post-approval setting. The FDA may require us to perform new analyses of our clinical data or perform additional clinical trials in addition to those we are contemplating. We may be required to undertake significant efforts to address the FDA's requests, which could delay or prevent approval, lead to a more limited intended use statement or approved labeling, and/or lead to significant post-approval limitations or restrictions, if approval is obtained at all.

***Our use and disclosure of personal information, including individually identifiable health information, and biologic samples and related data are subject to federal, state and foreign privacy and security regulations. Data privacy rules are evolving and new legislation concerning privacy and data use may limit our ability to use such data and specimens. Our actual or perceived failure to comply with privacy and security requirements or to adequately secure such information could result in significant liability, administrative or governmental penalties, and/or reputational harm and, in turn, substantial harm to our business, financial condition and results of operations.***

The global data protection landscape is rapidly evolving and we and our partners are or may be subject to federal, state, and foreign data protection laws and regulations (i.e., laws and regulations that address data privacy and security). Implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer, use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, consents and authorizations, our internal or publicly facing policies and procedures or our contracts governing our processing of personal information could result in negative publicity, government investigations and enforcement actions, claims by third parties and damage to our reputation, any of which could have a material adverse effect on our business, results of operation, and financial condition.

We receive, store, process and use personal information as part of our business and as our operations and business grow, we may become subject to or affected by new or additional data protection laws and regulations and face increased scrutiny or attention from regulatory authorities. In the United States, numerous state and federal laws and regulations govern the collection, dissemination, use, disclosure, privacy, confidentiality, security, availability and integrity of personal information, including health related information. We are a covered entity under the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, and the regulations that implement both laws (collectively, "HIPAA"). HIPAA establishes, among other things, a set of national privacy and security standards

relating to the privacy, security, transmission, and breach reporting of individually identifiable health information, by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, the business associates with whom such covered entities contract for services that involve creating, receiving, maintaining, or transmitting protected health information, and the subcontractors of such business associates. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA.

HIPAA requires covered entities and business associates to develop and maintain policies with respect to the protection of, use and disclosure of protected health information ("PHI"), including the adoption of administrative, physical and technical safeguards to protect such information, and certain notification requirements in the event of a breach of unsecured PHI. Additionally, under HIPAA, covered entities must report breaches of unsecured PHI to affected individuals without unreasonable delay, not to exceed 60 days following discovery of the breach by a covered entity or its agents. Notification also must be made to the U.S. Department of Health and Human Services Office for Civil Rights ("OCR") and, in certain circumstances involving large breaches, to the media. Business associates must report breaches of unsecured PHI to covered entities within 60 days of discovery of the breach by the business associate or its agents. A non-permitted use or disclosure of PHI is presumed to be a breach under HIPAA unless the covered entity or business associate establishes that there is a low probability the information has been compromised consistent with requirements enumerated in HIPAA.

Entities that are found to be in violation of HIPAA as the result of a breach of unsecured PHI, a complaint about privacy practices or an audit by the U.S. Department of Health and Human Services ("HHS"), may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. HIPAA also authorizes state Attorneys General to file suit on behalf of their residents. Courts may award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

Certain states have also adopted comparable privacy and security laws and regulations which govern the privacy, processing and protection of health-related and other personal information, such as the California Confidentiality of Medical Information Act; these laws are not preempted by HIPAA to the extent that they are more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. For example, the California Consumer Privacy Act ("CCPA"), which went into effect on January 1, 2020, creates individual privacy rights for California consumers and increases privacy and security obligations on entities handling certain personal information. The CCPA provides for fines and penalties for violations, as well as a private right of action for data breaches that is expected to increase the likelihood of, and risks associated with, data breach litigation. Further, the California Privacy Rights Act ("CPRA") generally went into effect on January 1, 2023, and significantly amends the CCPA. It imposes additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It also created a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. Additional compliance investment and potential business process changes may also be required. Although there are limited exemptions for certain health-related data, including clinical trial data and protected health information subject to HIPAA, the CCPA (including as amended by CPRA) may increase our compliance costs and potential liability. Other states have passed or are considering similar privacy laws and the federal government may seek to enact a similar federal privacy law, reflecting a trend toward more stringent privacy legislation in the United States.

We also expect that there will continue to be new laws, regulations and industry standards concerning privacy, data protection and information security proposed and enacted in various jurisdictions. For example,

Washington State has enacted a broadly applicable law to protect the privacy of personal health information known as the "My Health My Data Act," which generally requires affirmative consent for the collection, use, or sharing of any "consumer health data." Consumer health data is defined to include personal information that is linked or reasonably linkable to a consumer and that identifies a consumer's past, present, or future physical or mental health status; consumer health data also includes information that is derived or extrapolated from non-health information, such as algorithms and machine learning. Other states, including Connecticut and Nevada, have also passed consumer health data laws, and given the increased focus on the use of health data by entities that are not subject to HIPAA, additional states are expected to pass consumer health privacy laws. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. We could be adversely affected if HIPAA, the CCPA (including as amended by CPRA) and other state or federal legislation or regulations applicable to GRAIL require changes in our business practices, our use, receipt, or transfer of health information, or our privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations.

The Federal Trade Commission ("FTC") also has authority to initiate enforcement actions against entities that mislead customers about HIPAA compliance, make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal health information, fail to implement policies to protect personal health information or engage in other unfair practices that harm customers or that may violate Section 5 of the Federal Trade Commission Act ("FTC Act"). Even when HIPAA does not apply, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of the FTC Act. The FTC also 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. Personal health information is considered sensitive data that merits stronger safeguards.

We strive to comply with applicable laws, regulations, policies and other legal obligations relating to privacy, data protection and information security. However, the various regulatory frameworks for privacy and data protection are, and are likely to remain, uncertain for the foreseeable future, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules and subject our business practices to uncertainty.

In addition, the actual or perceived compromise of, lax oversight of, irresponsible or unauthorized use of, or unauthorized access to or release of, patient data or information by GRAIL, our partners, suppliers, contractors, consultants, or vendors, could erode provider, patient, and customer confidence, which could impact our business, financial condition, and results of operation.

We seek to utilize biological samples and data from participants in accordance with applicable law, IRB stipulations, and participant permissions (through consent forms and HIPAA authorizations). If we are unable or significantly restricted in using participant samples and data for secondary research purposes, our ability to develop additional products and/or improve or refine existing products will be limited, which may impact our business and prospects.

In addition, we are or may in the future be subject to a range of laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various foreign jurisdictions. In Europe, we are subject to the United Kingdom General Data Protection Regulation and the Data Protection Act 2018 ("UK GDPR") and the EU General Data Protection Regulation ("EU GDPR") (the UK GDPR and EU GDPR together referred to as the "GDPR"). The GDPR imposes a comprehensive data privacy compliance regime including: maintaining a record of data processing; providing detailed disclosures about how personal information is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that appropriate legal bases are in place to justify data processing activities; complying with rights

for data subjects in regard to their personal information (including data access, erasure (the right to be "forgotten") and portability); ensuring appropriate safeguards are in place where personal information is transferred out of the EEA and the UK; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. The applicability of the specific requirements depends on whether an organization acts as controller or processor.

Some of the personal information we process, for example in respect of clinical trial participants, is special category data under the GDPR, and subject to additional compliance obligations and to local law derogations. We may be subject to diverging requirements under national UK laws and EU member state laws, such as the legal basis we can rely on when processing health data of clinical trial participants as controller or the roles, responsibilities and liabilities as between CROs. As these laws develop, we may need to make operational changes to adapt to these diverging rules, which could increase our costs and adversely affect our business. Further, the regulatory landscape of data and digital laws in the UK and EU is under constant development, and in the future we may be required to adapt our processes, or change the way we engage with health data (for example, if proposed legislation such as the Data Governance Act and the Data Act is enacted and applies to our operations).

Among other requirements, the GDPR regulates the transfer of personal information outside of the EEA and the UK. Case law from the Court of Justice of the European Union ("CJEU") states that reliance on the standard contractual clauses–a standard form of contract approved by the European Commission as an adequate personal information transfer mechanism–alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On October 7, 2022, President Biden signed an Executive Order on 'Enhancing Safeguards for United States Intelligence Activities' which introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the United States and which formed the basis of the new EU-US Data Privacy Framework ("DPF"), as released on December 13, 2022. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, rendering the DPF effective as an EU GDPR transfer mechanism to United States entities self-certified under the DPF. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to United States entities self-certified under the UK Extension to the DPF. We currently rely on the EU standard contractual clauses, the UK Addendum to the EU standard contractual clauses, and the UK International Data Transfer Agreement, as relevant, to transfer personal information outside the EEA and the UK, including to the United States, with respect to both intragroup and third-party transfers. We expect the existing legal complexity and uncertainty regarding international transfers of personal information to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As the regulatory guidance and enforcement landscape in relation to data transfers continue to develop, we could suffer additional costs, complaints and/or regulatory investigations or fines; we may have to stop using certain tools and vendors and make certain operational changes, including to implement other/revised relevant documentation for data transfers within required time frames; and/or it could otherwise affect the manner in which we provide our services, and could adversely affect our business, operations and financial condition.

Penalties and fines for failure to comply with the GDPR are significant, including fines of up to €20 million/ £17.5 million or 4% of a noncompliant company's global turnover for the preceding year, whichever is higher. Since we are subject to the supervision of relevant data protection authorities under both the UK GDPR and the EU GDPR, we could be fined under each of those regimes independently in respect of the same non-compliance. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business. Noncompliance with applicable foreign privacy laws, such as the GDPR, would also adversely affect public perception of GRAIL's data stewardship practices and policies, which could impair our business and prospects with other foreign health systems and governments.

***If we or our partners fail to comply with federal, state, and foreign laboratory and other applicable licensing and registration requirements, we could be prevented from performing our tests or experience disruptions to our business.***

CLIA is a federal law that regulates clinical laboratories that perform testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention, or treatment of disease, or impairment of, or the assessment of the health of, human beings. CLIA regulations require, among other things, clinical laboratories to obtain a certificate and mandate specific standards in the areas of personnel qualifications, administration, participation in proficiency testing, test management, and quality assurance. CLIA certification is also required for us to be eligible to bill state and federal healthcare programs, if such reimbursement is otherwise available, as well as many third-party payors, for our products. To renew these certifications, we are and will be subject to routine surveys and inspections. Moreover, CLIA inspectors may make random or "for cause" inspections of our clinical laboratories.

We hold CLIA certificates from CMS for our laboratories in Menlo Park, California and Durham, North Carolina to conduct high complexity testing, subject to inspection to determine compliance with the CLIA regulations. We also hold CAP accreditations for our Menlo Park and Durham facilities. While we have completed validation studies for the version of Galleri currently marketed as an LDT, we are continuing our validation efforts for the version of Galleri that we intend to submit for PMA approval. We may not successfully complete such validation. Certain product additions to our test menu require notification to the regulatory and accrediting bodies that regulate our laboratories (e.g., CMS, the California Department of Public Health Laboratory Field Services ("CALFS") and CAP) that we are adding a new specialty to our assay offerings. At their discretion, any regulatory or accrediting body may come on-site to inspect our laboratories at any time. Any failure to pass inspections, maintain our CLIA certificates, CAP accreditation, or state licenses, or add new validated products to our laboratory assay offerings could significantly harm our business, results of operations, and prospects.

In addition to obtaining federal certification for a laboratory under CLIA, we are also required to obtain and maintain state licenses to conduct testing in our laboratories. We have obtained a Clinical Laboratory Certificate of Deemed Status from the State of California Department of Public Health for our Menlo Park facility. The California licensure law establishes standards for the day-to-day operation of a clinical laboratory, including the training and skills required of personnel and quality control. In addition, California law mandates proficiency testing, which involves testing of specimens that have been specifically prepared for the laboratory. Further, if we test specimens originating from other states and return patient-specific results, our clinical laboratory must satisfy such states' licensure laws as well to the extent that such laws regulate out-of-state laboratories that test specimens originating in such states. For example, to be able to receive specimens originating from New York, we must maintain a New York State Department of Health clinical laboratory permit and obtain approval of Galleri, which we achieved. Research testing, however, does not require licensure if patient-specific results are not generated and/or returned for diagnostic purposes. We have obtained New York State Department of Health clinical laboratory permits for our Menlo Park facility and our Durham facility, which authorize us to accept and generate for diagnosis or treatment purposes patient-specific results on specimens originating from New York at the applicable facility, as well as having obtained New York State Department of Health approval to offer Galleri to residents of the State of New York. Applicable New York laws and regulations establish standards for day-to-day operation of a clinical laboratory, including training and skill levels required of laboratory personnel, physical requirements of a facility, equipment, and validation and quality control. There can be no assurance that we will be able to maintain New York clinical laboratory permits or approval of Galleri, or maintain licenses or permits from any other states where we are required to be licensed or hold a permit. Failure to maintain such licenses or permits could expose us to fines and other penalties, or limit our potential testing population.

In connection with CLIA certification and state laboratory licensing and permitting, we remain subject to a number of risks in the event of noncompliance. Any sanction imposed under CLIA, its implementing regulations, or state or foreign laws or regulations governing licensure or permitting, or our failure to renew or maintain a

CLIA certificate, a state license or permit, or accreditation (including CAP), could have a material adverse effect on our business and reputation as certain actions are public. CMS also has the authority to impose a wide range of sanctions, including suspension, limitation, or revocation of the CLIA certification, termination of Medicare and Medicaid participation, civil money penalties, and a bar on the ownership or operation of a CLIA-certified laboratory by any owners or operators of the deficient laboratory. If we fail to obtain any required state licensure, or lose CLIA certification, CAP accreditation, or licensure, we would not be able to operate our clinical laboratories and offer our products in full or in particular states, which would adversely impact our business and results of operations. Even if we were able to bring our laboratory back into compliance, we could incur significant expenses and potentially lose revenue in doing so.

In addition to state laboratory licensing laws, we may also be subject to state registration and/or licensing requirements that apply to companies that manufacture medical devices. Certain states require such registrations or licenses before the products are commercialized, including while manufacturers are evaluating the devices in clinical studies. Violations of these laws may result in the denial, suspension, or revocation of the registration or license, as well as other fines and penalties, including imprisonment.

***Data from our clinical trials that we announce or publish from time to time before our trials are complete 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 studies, 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. 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 and preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the topline or preliminary data we previously published. As a result, topline and preliminary data should be viewed with caution until the final data are available. Audits, internal or external, including by the FDA's Bioresearch Monitoring ("BIMO") program, of our studies or associated data, can require substantial amounts of time, personnel, and other resources to comply with, and may not be anticipated.

From time to time, we may also disclose interim data from our clinical studies. Interim data from these studies that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as subject enrollment continues and more data become available. Adverse differences between interim data and top-line, preliminary, or final data could significantly harm our business prospects. Further, disclosure of interim data by us or by third parties could result in volatility in the price of our common stock.

In particular, in the United Kingdom, we are working with NHS England to complete our NHS-Galleri Trial. In May 2024, the NHS evaluated results of an early analysis from the first screening test (the prevalent screening round) in the NHS-Galleri Trial to determine whether the results were compelling enough to commence an implementation pilot prior to the final trial results, and determined not to initiate the pilot until those final results are available. As a result, the NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. It is possible that any publicly disclosed interim or final data from the NHS-Galleri Trial may not be as we expect, may be inconsistent with prior NHS-Galleri data, or with other studies we have conducted, or may be unsuitable to the NHS, any of which could have a significant adverse impact on the success of our commercial efforts for Galleri, our ability to achieve FDA authorization at all or within our anticipated timelines, our brand and reputation, our business, and our growth prospects.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the

particular program, and our ability to receive regulatory clearance or approval or commercialize a particular product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical study is based on what is typically extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding our business. If the data that we report differ from final results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to commercialize or obtain regulatory clearance or approval for our products may be harmed, which could harm our reputation, business, operating results, prospects or financial condition.

***Any product for which we obtain a regulatory certificate, permit, license, clearance, or approval will be subject to extensive ongoing regulatory requirements, and we may be subject to penalties if we or our partners fail to comply with regulatory requirements or if we experience unanticipated problems with our products.***

Any product for which we obtain a regulatory certificate, permit or license from a local, state, federal, or foreign regulatory authority, or notified body, or clearance or approval from the FDA or other comparable regulators, along with the manufacturing processes, post-market surveillance, labeling, packaging, advertising, and promotion, distribution, storage, import, export, reporting, and recordkeeping for such product, will be subject to continued regulatory review, oversight, requirements, and periodic inspections by the FDA and comparable foreign regulatory authorities, as well as our laboratory processes and practices will be subject to continued review, oversight, requirements, and inspections by CMS, CALFS, and CAP. These requirements include submissions of safety and other post-marketing information and reports; registration and listing requirements; requirements relating to quality control, quality assurance, and corresponding maintenance of records and documents; requirements relating to recalls, removals, and corrections; and requirements relating to product labeling, advertising and promotion, and recordkeeping. The regulations to which we are subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated sales. The FDA and comparable foreign regulatory authorities enforce regulatory requirements through, among other means, periodic unannounced inspections. We do not know whether we will be found compliant in connection with any future regulatory inspections.

Regulatory clearance, approval, or certification of a test or device may be subject to limitations by the regulatory body or notified body as to the indicated uses for which the product may be marketed or to other conditions of clearance, approval, or certification. In addition, clearance, approval, or certification may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the test or device. After clearance, approval, or certification, discovery of problems with our product, suppliers, vendors, or contract manufacturers, or manufacturing processes (including software validation), and/or failure to comply with regulatory requirements, may result in actions such as:

- restrictions on operations of our laboratories;
- restrictions on manufacturing processes;
- restrictions on marketing of a product;
- Untitled or Warning letters;
- withdrawal or recall of the product from the market or seizure of the product;
- refusal to approve applications or supplements to approved applications that we may submit;
- fines, restitution or disgorgement of profits or revenue;
- suspension, limitation or withdrawal of regulatory approvals, clearances, or certifications;
- exclusion from participation in U.S. federal or state healthcare programs, such as Medicare and Medicaid;

- safety communications;
- refusal to permit the import or export of our product;
- injunctions; or
- imposition of civil or criminal penalties.

Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our reputation, business, financial condition and results of operations.

In addition, the FDA may change its clearance or approval policies, adopt additional regulations or revise existing regulations, or take other actions. For example, on February 23, 2022, the FDA issued a proposed rule to amend the Quality System Regulation ("QSR"), which establishes current good manufacturing practice requirements for medical device manufacturers, to align more closely with the International Organization for Standardization standards. This proposal has not yet been finalized or implemented. Accordingly, it is unclear the extent to which this or any other proposals, if adopted, could impose additional or different regulatory requirements on us that could increase the costs of compliance or otherwise create market pressure that may negatively affect our business. Such changes may also occur in foreign jurisdictions where we intend to market our products or future products. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain clearances or approvals, increase the costs of compliance or restrict our ability to maintain any clearances or approvals we have obtained.

In addition, we are or may become subject to new laws, regulations, and industry standards concerning medical devices proposed and enacted in various foreign jurisdictions. The EU regulatory landscape concerning IVDs recently evolved. On May 26, 2022, the EU IVDR became applicable, and repealed and replaced the EU IVDD. Unlike directives, which must be implemented into the national laws of the EU member states, regulations are directly applicable (i.e., without the need for adoption of EU member state laws implementing them) in all EU member states and are intended to eliminate current differences in the regulation of medical devices among EU member states. The EU IVDR, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EU for in vitro diagnostic medical devices and ensure a high level of safety and health while supporting innovation.

These modifications may have an effect on the way we intend to develop our business in the EU and the EEA. For example, as a result of the transition towards the new regime, notified body review times have lengthened, and product introductions could be delayed or canceled, which could adversely affect our ability to grow our business.

***For any of our products that are approved or cleared by the FDA, we will be required to report to the FDA certain information about adverse medical events or malfunctions, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition, results of operations, and growth prospects. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on us.***

For products for which we obtain FDA clearance or approval or that are otherwise subject to affirmative FDA oversight, we will be subject to the FDA's medical device reporting regulations and similar foreign regulations, which require us to report to the FDA when we receive or become aware of information that reasonably suggests that one or more of our products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. The timing of our obligation to report is triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events of which we become aware within the prescribed timeframe. We may also fail to recognize that we have become aware of a reportable adverse event,

especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the product. If we fail to comply with our reporting obligations, the FDA could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance or approval, seizure of our products or delay in clearance or approval of future products. Similar risks exist in foreign jurisdictions.

The FDA and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. We may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future.

Depending on the corrective action we take to redress a product's deficiencies or defects, the FDA or comparable foreign regulatory authorities may require, or we may decide, that we will need to obtain new clearances, approvals, or certifications for the device before we may market or distribute the corrected device. Seeking such clearances, approvals, or certifications may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA or comparable foreign regulatory authorities warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines.

Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to the FDA. We may initiate voluntary withdrawals or corrections for our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, it could require us to report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability claims against us and negatively affect our sales. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

***To obtain and maintain FDA approvals or clearances, our products will need to be manufactured in accordance with federal and state regulations, and we could be forced to recall our devices or terminate production if we or our partners fail to comply with these regulations.***

For the FDA to approve or clear a medical device marketing application, the methods used in, and the facilities used for, the manufacture of our products must comply with the FDA's QSR, which is a complex regulatory scheme that covers the procedures and documentation of the design, testing, production, process controls, quality assurance, labeling, packaging, handling, storage, distribution, installation, servicing and shipping of medical devices. Furthermore, to obtain FDA clearance or approval, we are required to verify that our suppliers maintain facilities, procedures and operations that comply with our quality standards and applicable regulatory requirements. The FDA enforces the QSR through periodic announced or unannounced inspections of medical device manufacturing facilities, which may include the facilities of subcontractors. Similar state regulations and various laws and regulations of foreign countries governing manufacturing also apply to our products.

Our third-party manufacturers may not take the necessary steps to comply with applicable regulations, which could cause delays in the availability of our products or a delay in obtaining FDA authorization of our marketing application. In addition, the FDA has issued a proposed rule to amend the QSR to align more closely with the International Organization for Standardization standards. Although this proposal has not yet been finalized or implemented and it is unclear the extent to which this or any other proposals, if adopted, could

impose additional or different regulatory requirements on us or our third-party manufacturers, the amendment could increase the costs of compliance or otherwise create market pressure that may negatively affect our business. Failure to comply with applicable FDA requirements or later discovery of previously unknown problems with our products or manufacturing processes could result in, among other things: warning letters or untitled letters; fines, injunctions or civil penalties; suspension or withdrawal of approvals; seizures or recalls of our products; total or partial suspension of production or distribution; administrative or judicially imposed sanctions; the FDA's refusal to grant pending or future clearances or approvals for our products; clinical holds; refusal to permit the import or export of our products; and criminal prosecution of us, our suppliers, or our employees.

Any of these actions could significantly and negatively affect supply of our products. If any of these events occurs, our reputation could be harmed, we could be exposed to product liability claims and we could lose customers and experience reduced sales and increased costs.

***The misuse or off-label use of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses, any of which could be costly to our business.***

Any marketing authorization or certification we may receive or obtain for our products by the FDA, comparable foreign regulatory authorities, or notified bodies will include specified indications for use and approved (or certified) labeling. Upon receipt of FDA authorization, or certification, we will continue to train our marketing personnel and direct sales force to not promote our authorized (or certified) tests for uses outside of FDA-authorized (or certified) indications for use, known as "off-label uses." We cannot, however, prevent a physician from using our products off-label, when in the physician's independent professional medical judgment he or she deems it appropriate. There may be increased risk of injury to patients if physicians attempt to use our products off-label, which could harm our reputation in the marketplace among physicians and patients.

If, after FDA authorization or certification, the FDA or any foreign regulatory body determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance or imposition of an untitled letter, which is used for violators that do not necessitate a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action under other regulatory authority, such as false claims laws, if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs and the curtailment of our operations.

In addition, physicians may misuse our products or use improper techniques if they are not adequately trained, potentially leading to injury and an increased risk of product liability. If our devices are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. As described above, product liability claims could divert management's attention from our core business, be expensive to defend and result in sizeable damage awards against us that may not be covered by insurance.

Misleading, untruthful, or unsubstantiated labeling, advertising, marketing, or promotional practices could cause significant harm to our business, operations, and financial conditions. The FTC has instituted enforcement actions against certain healthcare testing companies for making false or misleading advertising claims and for failing to adequately substantiate claims made in advertising. These enforcement actions may result in warning letters, consent decrees, and the payment of civil penalties and/or restitution by the companies involved. Should the FTC determine that our claims are false or misleading or unsubstantiated, we could be subject to FTC enforcement action and may face significant penalties which may result in a material adverse effect on our reputation, business, financial condition, results of operations, and growth prospects.

The labeling, advertising, marketing, and promotional practices of GRAIL related to our products is governed by numerous state and federal regulators, including the FDA and the FTC, as well as subject to third-party claims. Any statements related to our products that could be construed as misleading, untruthful, or unsubstantiated, could subject GRAIL to regulatory enforcement action, third-party lawsuits, or plaintiffs' complaints. Any of these actions could significantly and negatively affect our reputation, expose us to liability claims, and we could lose customers and experience reduced sales and increased costs.

***Healthcare reform and data protection measures, including legislation reforming the U.S. healthcare system, could cause significant harm to our business, operations and financial condition.***

Healthcare systems are subject to ongoing reform in the United States and abroad. For example, in the United States, the Affordable Care Act ("ACA") made a number of substantial changes to the way healthcare is financed both by governmental and private insurers. The ACA, among other things, included provisions governing enrollment in federal and state healthcare programs, reimbursement matters, and fraud and abuse. Since its enactment, there have been executive, judicial and Congressional challenges to certain aspects of the ACA. Most recently, 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. Other legislative changes have also been proposed and adopted in the United States since the ACA. For example, through the process created by the Budget Control Act of 2011, there are automatic reductions of Medicare payments to providers, which went into effect in April 2013 and will remain in effect until 2032 unless additional Congressional action is taken. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

In April 2014, Congress passed PAMA, which included substantial changes to the way in which clinical laboratory services are paid under the CLFS. Under PAMA, certain clinical laboratories are required to periodically report to CMS private payor payment rates and volumes for their tests, and laboratories that fail to report the required payment information may be subject to substantial civil monetary penalties. Medicare reimbursement for CDLTs is based on the weighted-median of the payments made by private payors for these tests, rendering private payor payment levels even more significant than in the past. As a result, future Medicare payments may fluctuate more often and become subject to the willingness of private payors to recognize the value of diagnostic tests generally and any given test individually. The impact of this payment system on rates for our tests, including any current or future tests we may develop, is uncertain. For more information, see above and the section entitled "Risks Relating to Our Business and Industry—One of the key elements of our strategy is to expand access to our tests by pursuing coverage and reimbursement from third-party payors, both private and government payors. If our products do not receive adequate coverage and reimbursement from third-party payors, if at all, our ability to expand access to our products beyond our existing sales channels will be limited and our overall commercial success will be limited" beginning on page 41 of this Information Statement.

We cannot predict whether or when these or other recently enacted healthcare initiatives will be implemented at the federal or state level or in foreign jurisdictions or how any such legislation or regulation may affect us. For instance, the payment reductions imposed by the ACA and the changes to reimbursement amounts paid by Medicare for tests based on the procedure set forth in PAMA, could limit the prices we will be able to charge or the amount of available reimbursement for our tests, which would reduce our revenue. Additionally, these healthcare policy changes could be amended or additional healthcare initiatives could be implemented in the future.

Similar developments may occur in the EU. For instance, on December 13, 2021, Regulation No 2021/2282 on Health Technology Assessment ("HTA") amending Directive 2011/24/EU, was adopted. While the regulation entered into force in January 2022, it will only begin to apply from January 2025 onwards, with preparatory and implementation-related steps to take place in the interim. Once the regulation becomes applicable, it will have a phased implementation depending on the concerned products. This regulation intends to boost cooperation

among EU member states in assessing health technologies, including certain high-risk medical devices, and providing the basis for cooperation at the EU level for joint clinical assessments in these areas. The regulation will permit EU member states to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the most potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU member states will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technology, and making decisions on pricing and reimbursement.

Further, the impact on our business of the expansion of the federal and state governments' role in the U.S. healthcare industry generally, including the social, governmental and other pressures to reduce healthcare costs while expanding individual benefits, is uncertain. Any future changes or initiatives could have a materially adverse effect on our business, financial condition, results of operations and cash flows.

***Obtaining and maintaining regulatory authorization of our products in one jurisdiction does not mean that we will be successful in obtaining regulatory authorization of our products in other jurisdictions.***

Obtaining and maintaining regulatory authorization or certification of products in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory authorization or certification in any other jurisdiction, but a failure or delay in obtaining regulatory authorization or certification in one jurisdiction may have a negative effect on the regulatory authorization or certification process in others. For example, even if the FDA or a comparable foreign regulatory authority grants clearance or approval for our products, comparable regulatory authorities or notified bodies in foreign jurisdictions may also need to authorize or certify the products in those countries. Premarket authorization and certification processes vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional clinical studies, because clinical studies conducted in one jurisdiction may not be accepted by regulatory authorities or notified bodies in other jurisdictions or the data may not be considered applicable to the jurisdiction's intended patient population based on demographic, medical practice, genetic, or other differences. In some cases, the price that we intend to charge for our products may also be subject to approval.

Obtaining foreign regulatory authorization or certification and maintaining compliance with foreign regulatory requirements could result in significant delays, difficulties, and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in other jurisdictions, or we fail to receive necessary or desirable marketing authorizations or certification in other jurisdictions, our target market will be reduced and our ability to realize the full market potential of our products will be harmed.

***Our employees, independent contractors, consultants, commercial partners, and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.***

We are exposed to the risk of fraud, misconduct, or other illegal activity by our employees, independent contractors, consultants, commercial partners, and vendors. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to: comply with applicable rules and regulations of the CMS, the FDA, and other comparable foreign regulatory authorities; provide true, complete and accurate information to such regulatory authorities; comply with manufacturing and clinical laboratory standards; comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or report financial information or data accurately or to disclose unauthorized activities to us. For example, in June 2023, our third-party telemedicine provider experienced a software issue that resulted in erroneous test reports being delivered to patients. Since we began commercializing Galleri in the United States, our potential exposure under such laws has increased significantly, and our costs associated with compliance with such laws have, and will likely

continue to, increase. In particular, research, sales, marketing, education, and other business arrangements in the healthcare industry are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing, and other abusive practices, as well as off-label product promotion. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, educating, marketing and promotion, sales and commission, certain customer incentive programs, and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of participant recruitment for clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and third parties, 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. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions. Even if it is later determined after an action is instituted against us that we were not in violation of these laws, we may be faced with negative publicity, incur significant expenses defending our actions, and have to divert significant management resources from other matters. We expect our exposure to and costs associated with compliance with healthcare fraud and abuse laws to increase significantly if we commercialize additional products in the future.

***If we fail to comply with healthcare and other applicable laws and regulations, we could face substantial penalties and our business, reputation, and operations and financial condition could be adversely affected.***

Our operations are subject to various U.S. federal and state fraud and abuse laws. In addition, the commercialization of our products outside the United States would also subject us to foreign equivalents of the healthcare laws described below, among other foreign laws. The laws that may, currently or in the future, impact our operations include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering, or paying any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item, or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation, and many courts have interpreted that statute as being violated if merely one purpose of any arrangement is to induce referrals or purchases. In 2018, Congress enacted the Eliminating Kickbacks in Recovery Act of 2018 (“EKRA”), which establishes an all-payor anti-kickback prohibition for, among other things, knowingly and willfully paying or offering any remuneration directly or indirectly to induce a referral of an individual to a clinical laboratory. Violations of EKRA may result in fines, imprisonment, or both, for each occurrence;
- the federal physician self-referral prohibition, commonly known as the Stark Law, which, in the absence of an applicable exception, prohibits a physician from making a referral for certain designated health services covered by the Medicare or Medicaid program, including clinical laboratory services, if the physician or an immediate family member of the physician has a financial relationship with the entity providing the designated health services. The Stark Law also prohibits the entity furnishing the designated health services from billing, presenting or causing to be presented a claim for the designated health services furnished pursuant to the prohibited referral;
- federal civil and criminal false claims laws, including the False Claims Act, which impose criminal and civil penalties, including through civil “qui tam” or “whistleblower” actions, against individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid, or other third-party payors that are false or fraudulent. In addition, the government may assert that a claim including items or services resulting from a violation of the federal

Anti-Kickback Statute or Stark Law constitutes a false or fraudulent claim for purposes of the False Claims Act;

- healthcare fraud and false statements laws, which prohibit, among other things, knowingly making a false statement to improperly avoid, decrease, or conceal an obligation to pay money to the federal government. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them in order to have committed a violation;
- the federal Civil Monetary Penalties Law, which, subject to certain exceptions, prohibits, among other things, the offer or transfer of remuneration, including waivers of copayments and deductible amounts (or any part thereof), to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state healthcare program;
- the federal Physician Payment Sunshine Act, created under the ACA, and its implementing regulations, which require manufacturers of drugs, devices, biologicals, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the U.S. Department of Health and Human Services under the Open Payments Program, information related to payments or other transfers of value made to physicians (as defined by statute), teaching hospitals, and other healthcare practitioners, as well as ownership and investment interests held by such physicians and their immediate family members;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection, and unfair competition laws that may apply to our business practices, including, but not limited to, research, distribution, sales and marketing arrangement, as well as submitting claims involving healthcare items or services reimbursed by any third-party payor, including commercial insurers; state laws that require healthcare companies to comply with the medical device industry's voluntary compliance guidelines, the relevant compliance guidance promulgated by the federal government that otherwise restricts payments that may be made to healthcare providers, and other potential referral sources or state-specific standards on financial interactions with healthcare providers; state laws that require healthcare companies to file reports with states regarding pricing and marketing information, such as the tracking and reporting of gifts, compensation, and other remuneration and items of value provided to healthcare professionals and entities; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available and lack of clear guidance, it is possible that some of our business activities could, despite our efforts to comply, be subject to challenge under one or more of such laws. Efforts to ensure that our business arrangements will comply with applicable healthcare and other applicable laws may involve substantial costs. In the future, it is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or then-existing statutes, regulations, or case law interpreting applicable fraud and abuse or other healthcare or applicable laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal, and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

***If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.***

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state, and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, labeling, handling, use, storage, transport, treatment, and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air, and water; and employee health and safety. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources or insurance coverage. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties. If the handling, use, labeling, storage, or transport of hazardous or biohazardous materials by us or our contract manufacturers or suppliers fail to comply with applicable requirements, we could incur significant costs, be subject to civil or criminal fines and penalties, experience disruption and delays in our operations, and face destruction of any non-compliant materials, which could include clinical and biological samples.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development, and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological or hazardous waste insurance coverage. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical studies or regulatory approvals or certifications could be suspended, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

***Changes in funding or disruptions at the FDA, other government agencies, and notified bodies caused by funding shortages, global health concerns, government shutdowns, or other causes could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved, certified, or commercialized in a timely manner or at all, or otherwise prevent those agencies and notified bodies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.***

The ability of the FDA, foreign regulatory agencies, and notified bodies to review and clear, approve, or certify new products or changes to existing products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's, foreign regulatory agencies', and notified bodies' ability to hire and retain key personnel and accept the payment of user fees, government shutdowns, and other events that may otherwise affect the FDA's foreign regulatory agencies' and notified bodies' ability to perform routine functions. Average review times at the FDA, foreign regulatory agencies, and notified bodies have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA, other agencies, and notified bodies may also slow the time necessary for new medical devices or modifications to cleared, approved, or certified medical devices to be reviewed and/or approved, or certified by necessary government agencies or notified bodies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities. In addition, during the COVID-19 pandemic, the FDA postponed most inspections of domestic and foreign manufacturing facilities at various points. Even though the FDA has resumed standard

inspection operations of domestic facilities where feasible, the FDA has continued to monitor and implement changes to its inspectional activities to ensure the safety of its employees and those of the firms it regulates, and any resurgence of COVID-19 or emergence of new variants may lead to further inspectional delays. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA, other regulatory authorities, or notified bodies from conducting their regular activities, it could significantly impact the ability of the FDA, other regulatory authorities, or notified bodies to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

In the EU, for example, notified bodies must be officially designated to certify products and services in accordance with the EU IVDR. Only a few notified bodies have been designated so far and the COVID-19 pandemic has significantly slowed down their designation process. Without EU IVDR designation, notified bodies may not yet start certifying devices in accordance with the EU IVDR. As only a few notified bodies have been EU IVDR-designated, they are facing a heavy workload and their review times have lengthened. This situation may impact the way we are conducting or intend to conduct our business in the EU and the EEA and the ability of the applicable notified body to timely review and process our regulatory submissions and perform its audits.

***Our business activities are subject to the FCPA and similar anti-bribery and anti-corruption laws.***

Our business activities are subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations, or rules of other countries in which we operate, including the U.K. Bribery Act. The FCPA generally prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the healthcare providers who administer diagnostic tests are employed by their government, and the purchasers of diagnostics tests are government entities; therefore, our dealings with these providers and purchasers are subject to regulation under the FCPA. The SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of our employees, agents, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

**Risks Relating to Intellectual Property**

***If we are unable to obtain and maintain intellectual property protection for our technology, or if the scope of the intellectual property protection we obtain is not sufficiently broad, third parties could in the future develop and commercialize technology and tests similar or identical to ours, and our ability to successfully commercialize our products may be impaired.***

Our ability to perform successfully will depend in part on our ability to obtain and enforce patent protection for our products, preserve our trade secrets, and operate without infringing the proprietary rights of third parties. Filing, prosecuting, and defending patents on our products and other technologies in all countries throughout the world would be prohibitively expensive and time-consuming, and the laws of some foreign countries may not protect our rights to the same extent as the laws of the United States. We may not be able to file, prosecute,

maintain, enforce, or license all necessary or desirable patents or patent applications at a reasonable cost or in a timely manner, or in all jurisdictions. Furthermore, in some cases, we have only filed provisional patent applications on certain aspects of our products and technologies and each of these provisional patent applications, or any future provisional patent application on certain aspects of our products and technologies, is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. In cases where we have not obtained, or decided not to obtain, patent protection for certain of our inventions, we may not be able to prevent third parties from practicing our inventions or from selling or importing tests made using our inventions in and into the United States or other jurisdictions.

Moreover, while we have applied for patents that protect aspects of our technology in the United States and numerous other countries, we cannot assure you that our intellectual property position, including our owned and exclusively licensed pending and issued patents, will not be challenged or that all patents for which we have applied will be issued on a timely basis or at all, or that such patents will protect our technology, in whole or in part, or be issued in a form that will provide us with meaningful protection.

Although patents are presumed valid and enforceable upon issuance, a patent may be challenged as to its inventorship, scope, validity, or enforceability, and certain of our owned or exclusively in-licensed patents have been, and others in the future may be, challenged in the courts or patent offices in the United States or abroad. For example, certain of our in-licensed and owned European patents have been subject to oppositions in Europe, as described below. As a result of such challenges, our pending or future patent applications may not result in issued patents, or the scope of existing or future patents may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, or our issued patents may be held invalid or unenforceable. It is also possible that we may fail to identify patentable technologies in a timely fashion, which could impair our ability to obtain patent protection on such technology at all. Third parties may be able to circumvent our owned or exclusively in-licensed patents by developing similar or alternative technologies or tests in a non-infringing manner. Third parties could in the future also set up laboratories outside the countries in which we have filed patent applications in order to compete without infringing upon our intellectual property, even if they process samples from countries in which we do have patent protection. In addition, to the extent we have granted, or may grant in the future, licenses or sublicenses of our intellectual property rights to third parties, we cannot provide any assurance that such intellectual property rights will not be used by those third parties in a manner that could compete with our business or otherwise negatively impact any competitive advantage provided by such intellectual property rights.

Publications of discoveries in 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, or in some cases not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability, and commercial value of our patent rights are uncertain. Given the amount of time required for the development, testing, and regulatory review of new tests, patents protecting such tests might expire before or shortly after such products are commercialized. As a result, our owned or exclusively in-licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

If a third party obtains an issued patent on inventions we use in our products, that party could prevent us from using those inventions, and we may not be able to design around the third party’s patents or obtain a license on commercially reasonable terms, if at all. Third-party patents or other intellectual property may exist that our current technology, manufacturing methods, products, or future methods or tests infringe or will infringe, which could result in litigation, the imposition of injunctions preventing our use of the foregoing, or require us to obtain licenses or pay royalties and/or other forms of compensation to third parties, which could be significant and could harm our results of operations.

Periodic maintenance fees, renewal fees, annuity fees, and various other government fees on patents and applications will be due to be paid to the U.S. Patent and Trademark Office ("USPTO") and various government patent agencies outside of the United States over the lifetime of our owned or in-licensed patents and applications. In certain circumstances, we rely on our licensing partners to pay these fees due to U.S. and non-U.S. patent agencies and to take the necessary actions to comply with other requirements to maintain such in-licensed patents during their term. In some cases, non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical tests or technology, which could have a material adverse effect on our market position.

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

We have agreements with Illumina and license agreements with others that provide rights to certain technologies related to assays used in our products. We may need to obtain additional licenses from others to advance our research or allow commercialization of our products or technology, either globally or in certain geographies, without infringing the intellectual property of third parties. It is possible that we may be unable to obtain such additional licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our technology or to develop or license replacement technology, any of which may not be feasible on a technical or commercial basis. If we are unable to obtain or maintain applicable licenses, we may be unable to commercialize certain of our products, either globally or in certain geographies, or continue to utilize our technology, which could harm our business, financial condition, results of operations, and growth prospects.

In addition, our in-licenses impose various development, diligence, commercialization, and other obligations on us, and we expect that our future license or development agreements will contain similar types of obligations. Certain of our license agreements also require us to meet development timelines, or to exercise commercially reasonable efforts to develop and commercialize licensed products. Despite our efforts, our licensors might conclude that we have materially breached our obligations under such license agreements or our sublicensees may fail to fulfill their obligations to us or materially breach our related sublicense agreements, and our licensors might therefore terminate the license agreements or otherwise modify our rights under those agreements, thereby removing or limiting our ability to develop and commercialize products and technology covered by these license agreements or resulting in litigation. If these in-licenses are terminated, or if the underlying patents fail to provide the anticipated market exclusivity, other third parties may have the freedom to seek regulatory approval of, and to market, tests highly similar to ours or we may be required to cease commercialization of our products or use of our technology. Any of the foregoing could have a material adverse effect on our position, business, financial condition, results of operations, and growth prospects.

In addition, the agreements under which we currently license or otherwise obtain rights to intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations, which may lead to disputes between us and our licensor, including:

- the scope of rights granted under the license agreement;
- the extent to which our product and technology infringe on intellectual property of the licensor that is not subject to the license agreement;
- the right to sublicense patent and other rights under our collaborative development relationships;
- our diligence and other obligations under the license agreement; and
- the ownership of inventions and know-how resulting from the joint invention of intellectual property by us and our licensors and our partners.

The resolution of any contract disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects. If we are required to engage in litigation to enforce or defend our rights under our license or development agreements, even if we are successful, such litigation could require significant financial resources, divert the attention of management and harm our business. Moreover, if disputes over intellectual property that we have licensed or otherwise obtained rights to prevent or impair our ability to maintain our current arrangements on commercially acceptable terms, or at all, we may be unable to successfully commercialize the affected product or technology, which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

***Our use of open-source software could subject our proprietary technology to unwanted open-source license conditions that could negatively impact our business.***

A portion of our technology capabilities incorporates open-source software, and we may incorporate open-source software into other offerings or products in the future. If an author or other third party that distributed such open-source software to us were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to remediate our open source vulnerabilities or defend against such allegations. In addition, if we combine our proprietary software with open-source software in a certain manner and make it available to others, under some open-source licenses, we could be required to license or make available the source code of our proprietary software, which could help our third parties develop products that are similar to ours and harm our business; thus, we could be required to remediate any such open source vulnerabilities.

***Developments in patent law could have a negative impact on our business.***

From time to time, the U.S. Supreme Court, other federal courts, the U.S. Congress, the USPTO, or applicable authorities in other jurisdictions may change the standards of patentability and any such changes could have a negative impact on our business. The scope of patent coverage available for medical diagnostics continues to evolve and uncertainty remains around the patentability of certain diagnostic-based method claims. U.S. Supreme Court and Federal Circuit decisions interpreting and/or limiting the scope of patentable subject matter under 35 U.S.C. § 101, in addition to examination guidelines from the USPTO, have made it more difficult for patentees to obtain and/or maintain patent claims in the United States that are directed to medical diagnostics, as claims to that subject matter are sometimes perceived to recite or involve laws of nature, natural phenomena, and/or natural products.

Several precedential decisions regarding patentable subject matter are of particular relevance to patents in the medical diagnostics and computer-implemented applications space. The 2012 decision in *Mayo Collaborative v. Prometheus Laboratories* (*Prometheus*) concerns patent claims directed to optimizing the amount of drug administered to a specific patient based on certain diagnostic measurements. The U.S. Supreme Court held that the applicable patent's claims were directed to a law of nature (i.e., a natural correlation between drug levels and efficacy or toxicity) and failed to incorporate a sufficiently inventive concept above and beyond routine and conventional method steps to allow the claimed methods of treatment to qualify as patent eligible. The 2013 decision in *Association for Molecular Pathology v. Myriad Genetics* (*Myriad*) concerns the patentability of isolated DNA sequences that were related to methods of diagnosing genetic predisposition to cancer. The U.S. Supreme Court held that isolated fragments of naturally occurring genetic material are not patent eligible, but non-naturally occurring fragments can be patented. The 2014 decision in *Alice Corporation Pty. Ltd. v. CLS Bank International* (*Alice*) concerns computer-implemented inventions. The U.S. Supreme Court held that an abstract idea could not be patented just because it is implemented on a computer, thus providing guidance on the patentability of computer-implemented applications. The 2015 decision in *Ariosa v. Sequenom* (*Sequenom*) concerns the patentability of claims directed to a method of detecting fetal DNA in a mother's serum or plasma samples. Although the U.S. Supreme Court recognized that the discovery of cell-free fetal DNA present in a

mother's bloodstream was a scientific breakthrough, it held that the claims were not patent eligible since they were primarily directed to a natural phenomenon. The Federal Circuit's 2020 decision in *Illumina v. Ariosa* concerns the patentability of claims directed to preparing a fraction of DNA enriched in cell-free fetal DNA. The Federal Circuit held the claims were patent eligible and distinguished them from the claims in Sequenom as method of preparation claims, rather than diagnostic claims. The court further explained that the claimed DNA fragment size thresholds were human-engineered parameters, suggesting that claims based on natural phenomena, but not exclusively directed to such phenomena, may be patent eligible. In short, our efforts to seek patent protection for our technologies and products may be impacted by the evolving case law and guidelines/procedures issued by the USPTO, or authorities in other jurisdictions based on such changes in the law.

We cannot fully predict the impact that the evolving case law on patentable subject matter will have on the ability to obtain or enforce patents relating to DNA, genes, genomic-related discoveries, or computer-implemented tests, including such tests that use machine learning or rely on software pipelines, in the future, as the contours of whether claims are patent eligible (or instead recite laws of nature, natural phenomena, natural products, or abstract ideas) are not clear and may take years to develop via interpretation at the USPTO and in the courts. There are many patents claiming nucleic acids and diagnostic methods based on natural correlations that issued before the court decisions summarized above and, although some of these patents may be invalid under the standards set forth in these decisions, these patents are presumed valid and enforceable until they are successfully challenged. Thus, third parties holding these patents could allege that we infringe, or request that we obtain a license under, these patents, even if these patents are not likely enforceable under current U.S. laws. Whether based on patents issued prior to or after these precedential decisions, we could be forced to defend against claims of patent infringement or obtain license rights, if available on commercially reasonable terms or at all, under these patents. In jurisdictions other than the United States, gene-related patent claims may remain valid and may be enforced against us.

Additionally, on June 1, 2023, the European Union Patent Package ("EU Patent Package") regulations were implemented with the goal of providing a single pan-European Unitary Patent and a new European Unified Patent Court ("UPC") for litigation involving European patents. As a result, European patents, including those issued prior to ratification of the EU Patent Package, now by default automatically fall under the jurisdiction of the UPC. It is uncertain how the UPC will impact granted European patents in the biotechnology and pharmaceutical industries. Our European patent applications, if issued, could be challenged in the UPC. During the first seven years of the UPC's existence, the UPC legislation allows a patent owner to opt its European patents out of the jurisdiction of the UPC. We can elect to opt out from the UPC in some of our future European patents, but doing so may preclude us from realizing the potential benefits of the UPC. Moreover, if we do not meet all of the formalities and requirements for opting out under the UPC, our future European could remain under the jurisdiction of the UPC. The UPC could provide our third parties with a new forum to centrally revoke our European patents, and allow for the possibility of a third party to obtain a pan-European injunction—such a loss of patent protection could have a material adverse impact on our business and our ability to commercialize our technology and future products and, resultantly, on our business, financial condition, prospects, and results of operations.

Further, the U.S. Congress has periodically sought to pass bills concerning subject matter eligible for patent protection. We cannot fully predict the impact that such new laws may have on our ability to obtain patent protection for our products and technologies, and our ability to operate in view of the patents controlled by third parties. These and other substantive changes to U.S. and foreign patent law could affect our susceptibility to patent infringement claims and our ability to obtain patents and, if obtained, to enforce or defend them, any of which could have a material adverse effect on our business.

***Patent terms may be inadequate to protect our position on our products for an adequate amount of time.***

Patents have a limited lifespan in all jurisdictions around the world. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional

filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product are obtained, once the patent life has expired for a product, we may be open to competition. Given the amount of time required for the development, testing and regulatory review of new products, patents protecting such products might expire before or shortly after such products are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing future products similar or identical to ours for a meaningful amount of time, or at all. Such an inability to exclude third parties from commercializing similar or identical products could have a material adverse impact on our reputation, business, financial condition, results of operations, and growth prospects.

***Issued patents covering our products and other technologies could be found invalid or unenforceable if challenged in court or before administrative bodies in the United States and abroad.***

Third parties may challenge the validity or enforceability of our owned or in-licensed patents in court or before administrative bodies in the United States or abroad. If we or one of our licensors initiated legal proceedings against a third party to enforce a patent, the defendant could counterclaim that our asserted patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims 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, lack of subject matter eligibility, lack of written description, and 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 material misleading statement, during prosecution. Third parties have raised, and in the future may raise, claims challenging the validity or enforceability of our owned or in-licensed patents 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 foreign jurisdictions (such as opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover Galleri, DAC, or our other technologies or products.

For example, in 2021, we faced an opposition in Europe with respect to European patent number EP 3 363 901 B1 in-licensed from the Fred Hutchinson Cancer Center. The opposition proceeding filed against EP 3 363 901 B1 concluded with the claims being maintained in amended form and corresponds to technology that is not currently being used in Galleri, DAC, or our precision oncology portfolio. The opponents have filed an appeal. This opposition proceeding does not affect our patents outside Europe.

If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products or other technologies. Such a loss of patent protection could have a material adverse impact on our business, financial condition, results of operations, and growth prospects.

***We may not be able to protect our intellectual property rights throughout the world.***

Various companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many countries do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology and pharmaceutical products, which could make it difficult for us to stop the infringement of our or any future licensors' patents or marketing of products in violation of our proprietary rights. Certain countries outside the United States have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. As a result, a patent owner may have limited remedies in certain circumstances, which could materially diminish the value of such patent. If we or any future licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our position may be impaired, and our business, financial condition, results of operations, and growth prospects may be adversely affected. Accordingly, our efforts to enforce our intellectual

property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Certain countries outside the United States also have laws that may impact a patent owner's right to claim priority or require a patent applicant to obtain a foreign filing license or first file patent applications in a foreign jurisdiction to the extent foreign nationals are involved in the development of the claimed subject matter of the resulting patent. Our pending and future patent applications may not result in patents being issued that comply with the law of each foreign jurisdiction. Pending applications and issued patents may be challenged in various jurisdictions for failure to comply with local laws, which could result in the rejection of pending applications or invalidation of issued patents. Further, the standards applied by foreign patent offices in granting patents are not always applied uniformly or predictably. As such, we do not know the degree of future protection that we will have on our future products. While we will endeavor to try to protect our existing products and products with in development with intellectual property rights, such as patents, as appropriate, the process of obtaining patents is time consuming, expensive, and unpredictable.

In addition, geo-political actions in the United States and in foreign countries could increase the uncertainties and costs surrounding the prosecution or maintenance of our patent applications or those of any current or future licensors and the maintenance, enforcement, or defense of our issued patents or those of any current or future licensors. For example, the United States and foreign government actions related to Russia's conflict in Ukraine may limit or prevent filing, prosecution, and maintenance of patent applications in Russia. Government actions may also prevent maintenance of issued patents in Russia. These actions could result in abandonment or lapse of our patents or patent applications, resulting in partial or complete loss of patent rights in Russia. If such an event were to occur, it could have a material adverse effect on our business. In addition, a decree was adopted by the Russian government in March 2022, allowing Russian companies and individuals to exploit inventions owned by patentees from the United States without consent or compensation. Consequently, we would not be able to prevent third parties from practicing our inventions in Russia or from selling or importing products made using our inventions in and into Russia. If we are not able to protect our intellectual property rights throughout the world, our position may be impaired, and our business, financial condition, results of operations, and growth prospects may be adversely affected.

***We may be subject to claims by third parties asserting that our employees or we have infringed or misappropriated intellectual property rights, or to assertions by third parties or employees claiming ownership of what we regard as our own intellectual property.***

Our former, current, and future employees may have been previously employed at universities or other biotechnology, diagnostic, laboratory, technology, or pharmaceutical companies, including, for example, potential competitors and strategic partners. We train our employees not to bring or use proprietary information or technology from former employers to us or use it in their work. Although we try through such training and other measures to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we have been in the past, and in the future may be, subject to claims that an employee or we have used or disclosed intellectual property, including trade secrets or other proprietary information, of such employee's former employer. Litigation, which would be expensive, time-consuming, a distraction to management, and uncertain of outcome, may be necessary to defend against these claims.

In addition, while it is our policy to require our employees 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 or enforcing such an agreement with each party who in fact develops intellectual property that we regard as our own. Our and their assignment agreements may be breached, and we may be forced to bring claims against third parties or current or former employees, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we fail to prevail on any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, or be required to obtain a license, which may not be available to us on

commercially reasonable terms or at all. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to management, which could harm our business.

***If we are unable to protect the confidentiality of our trade secrets, our business and market position would be harmed.***

In addition to seeking patents for our products and other technologies, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, data, and other proprietary information, and to maintain our market position. Trade secrets and know-how can be difficult to protect. We expect some of our trade secrets and know-how to over time be disseminated within the industry through independent development, the publication of journal articles describing the methodology, and the movement of personnel.

We seek to protect these 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, directors, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, suppliers, service providers, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants, and remind departing employees when they leave their employment of their continuing confidentiality obligations. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite our 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. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time-consuming, and the outcome is unpredictable. Some courts outside the United States are less willing or unwilling to protect trade secrets, and the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws within the United States. For example, in China, claims regarding infringement or misappropriation of trade secrets are more difficult to prove, and consequently plaintiffs are rarely successful in bringing these claims. If any of our trade secrets were to be lawfully obtained or independently developed by a third party, we would have no right to prevent them from using that technology or information. If any of our trade secrets were to be misappropriated by, disclosed to, or independently developed by a third party, our market position could be materially and adversely harmed.

We have and may enter into collaboration, license, contract research, and/or manufacturing relationships with contract organizations that operate in certain countries that are at heightened risk of theft of technology, data, and intellectual property through direct intrusion by private parties or foreign actors, including those affiliated with or controlled by state actors. Accordingly, our efforts to protect and enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license, and we may be at heightened risk of losing our proprietary intellectual property rights around the world, including outside of such countries, to the extent such theft or intrusion destroys the proprietary nature of our intellectual property.

***Our success depends on our ability to develop and commercialize our technology without infringing, misappropriating, or otherwise violating the intellectual property of third parties. Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, and if they prevail, could block sales of our products and force us to make large damages and/or royalty payments, which could have a material adverse effect on the success of our business.***

Our commercial success in part depends upon our ability, and the ability of our collaborators, to market, sell, and distribute our products and use our proprietary technologies without infringing, misappropriating, or otherwise violating the proprietary rights of third parties. There is considerable intellectual property litigation in the medical technology, biotechnology, diagnostic, and pharmaceutical industries. In addition, there is ongoing intellectual property litigation in the circulating nucleic acid analysis and cancer nucleic acid space, the outcome

of which could also impact potential future litigation involving our intellectual property or our ability to commercialize our products. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products, including interference proceedings before the USPTO and similar bodies in other jurisdictions. Third parties may assert infringement claims against us based on existing patents or patents that may be issued in the future.

If we are found to infringe, misappropriate, or otherwise violate a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing, marketing, selling, and distributing our products, or to cease using the infringing technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving third parties access to the same technologies licensed to us. In addition, we could be found liable for monetary damages, including treble damages if we are found to have willfully infringed a patent and attorneys' fees if the court finds the case to be exceptional. A finding of infringement, misappropriation, or other violation could prevent us from commercializing our products or force us to cease some of our operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

Even if resolved in our favor, litigation, or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some third parties may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to perform in the marketplace.

***Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common stock to decline.***

During the course of any intellectual property litigation, there could be public announcements of the initiation of the litigation as well as results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our existing products, programs, or intellectual property could be diminished. Accordingly, the market price of shares of our common stock may decline. Such announcements could also harm our reputation or the market for our future products, which could have a material adverse effect on our business.

***We may become involved in lawsuits to protect or enforce or defend our patents, which could be expensive, time-consuming, and unsuccessful.***

Third parties may infringe our patents or trademarks or misappropriate or violate our other intellectual property rights. To counter infringement, misappropriation, or unauthorized use of our intellectual property, we or any future licensors may be required to file infringement or misappropriation claims, which can be expensive and time-consuming and divert the time and attention of our management and scientific personnel. Our or any future licensors' pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents, in addition to counterclaims asserting that our patents or any future licensors' patents are invalid or unenforceable, or both.

Our patents and any patents that we in-license may be challenged, narrowed, invalidated, or circumvented. If our patents are invalidated or otherwise limited or will expire prior to the commercialization of our products,

other companies may be better able to develop products that could adversely affect our market position, business, financial condition, results of operations, and growth prospects.

The following are examples of litigation and other adversarial proceedings or disputes that we could become a party to involving our patents or patents licensed to us:

- we or our collaborators may initiate litigation or other proceedings against third parties to enforce our patent rights;
- third parties may initiate litigation or other proceedings seeking to invalidate patents owned by us or that are licensed to us or to obtain a declaratory judgment that their product or technology does not infringe our patents or patents licensed to us or that such patents are invalid or unenforceable;
- third parties have initiated, and in the future may initiate, oppositions, *inter partes* review, post-grant review, or reexamination proceedings challenging the validity or scope of our patent rights, requiring us or our collaborators and/or licensors to participate in such proceedings to defend the validity and scope of our patents;
- there may be a challenge or dispute regarding inventorship or ownership of patents currently identified as being owned by or licensed to us;
- at our initiation or at the initiation of a third party, the USPTO may initiate an interference between patents or patent applications owned by or licensed to us and those of third parties, requiring us or our collaborators and/or licensors to participate in an interference proceeding to determine the priority of invention, which could jeopardize our patent rights; or
- third parties may seek approval to market products similar to our future approved products prior to expiration of relevant patents owned by or licensed to us, requiring us to defend our patents, including by filing lawsuits alleging patent infringement.

These lawsuits and proceedings would be costly and could affect our results of operations and divert the attention of our managerial, legal, and scientific personnel. There is a risk that a court or administrative body would decide that our owned or exclusively in-licensed patents are invalid or not infringed by a third party's activities, or that the scope of certain issued claims must be limited. An adverse outcome in a litigation or proceeding involving our owned or exclusively in-licensed patents could limit our ability to assert our patents against third parties, affect our ability to receive royalties or other licensing consideration from our licensees or sublicensees, and may curtail or preclude our ability to exclude third parties from making, using and selling similar products. We may become more susceptible to these types of lawsuits and proceedings given the proliferation of organizations pursuing intellectual property protections in the cancer detection and cfDNA space. Any of these occurrences could adversely affect our business position, business, financial condition, results of operations, and growth prospects.

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

In addition, our registered or unregistered trademarks or trade names may be challenged, infringed or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we view as valuable to building name recognition among potential partners and customers in our markets of interest. At times, other third parties have adopted or may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion and/or litigation. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. We may also license our trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and trade names by our licensees

may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to perform effectively and our business may be adversely affected. Our efforts to enforce, protect, or defend our proprietary rights related to trademarks may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations, and growth prospects.

**Risks Relating to the Spin-Off**

***If the Distribution does not qualify as a transaction that is tax-free for U.S. federal income tax purposes, Illumina and its stockholders could be subject to significant tax liability.***

Illumina has received a private letter ruling from the IRS substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code. The completion of the Spin-Off is conditioned on, among other things, the continuing effectiveness and validity of Illumina's private letter ruling and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP.

The private letter ruling does not address, and the opinion of counsel will not address, any U.S. state or local or foreign tax consequences of the Spin-Off. The private letter ruling assumes, and the opinion will assume, that the Spin-Off will be completed according to the terms of the Separation and Distribution Agreement and will rely on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the other ancillary agreements, this Information Statement, and certain other documents. In addition, the private letter ruling is based on, and the opinion will be based on, certain representations as to factual matters from, and certain covenants by, Illumina and us. The private letter ruling and the opinion cannot be relied on if any of the assumptions, representations, or covenants is incorrect, incomplete, or inaccurate or is violated in any material respect.

The opinion of counsel is not binding on the IRS or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. Although a private letter ruling from the IRS is generally binding on the IRS, the ruling is based on certain facts and representations and undertakings from Illumina and us that certain necessary conditions to obtain tax-free treatment under the Code have been satisfied.

If the Spin-Off were determined not to qualify for non-recognition of gain and loss under Section 355 and 368 of the Code, Illumina and its shareholders could be subject to tax. In this case, each U.S. Holder (as defined in "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off") who receives our common stock in the Distribution would generally, for U.S. federal income tax purposes, be treated as receiving a distribution in an amount equal to the fair market value of our common stock received, which would generally result in (i) a taxable dividend to the U.S. Holder to the extent of that U.S. Holder's pro rata share of Illumina's current and accumulated earnings and profits; (ii) a reduction in the U.S. Holder's basis (but not below zero) in Illumina common stock to the extent the amount received exceeds the shareholder's share of Illumina's earnings and profits; and (iii) a taxable gain from the exchange of Illumina common stock to the extent the amount received exceeds the sum of the U.S. Holder's share of Illumina's earnings and profits and the U.S. Holder's basis in its Illumina common stock. For more information, see below and the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 108 of this Information Statement.

***We could have an indemnification obligation to Illumina if the Distribution were determined not to qualify for non-recognition treatment for U.S. federal tax purposes, which could materially adversely affect our business, financial condition, and results of operations.***

If it were determined that the Spin-Off did not qualify for non-recognition of gain and loss under Section 355 and 368 of the Code, we expect that we could, under certain circumstances, be required to indemnify

Illumina for the resulting taxes and related expenses. Any such expected indemnification obligation could materially adversely affect our business, financial condition, and results of operations. For a description of such indemnification obligation, see "Certain Relationships and Related Party Transactions—Agreements with Illumina—Tax Matters Agreement" beginning on page 234 of this Information Statement.

***We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Distribution, which may reduce our strategic and operating flexibility.***

We expect to agree in the Tax Matters Agreement to certain covenants and indemnification obligations that address compliance with Section 355(e) of the Code. These covenants and indemnification obligations may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may otherwise maximize the value of our business, and might discourage or delay a strategic transaction that our shareholders may consider favorable. For more information, see the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina—Tax Matters Agreement" beginning on page 234 of this Information Statement.

***We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off, which could materially adversely affect our business, financial condition, and results of operations.***

We believe that, as a separate, publicly traded company, we will be able to, among other things:

- design and implement corporate strategies and policies that are targeted to our business;
- better focus our financial resources on our specific business;
- create effective incentives for our management and employees that are more closely tied to our business performance;
- more effectively articulate a clear investment proposition to attract a long-term investor base suited to our business, growth profile, and capital allocation priorities; and
- maintain a capital structure designed to meet our specific needs.

However, we may not achieve these and other anticipated benefits for a variety of reasons, including, among other things:

- the Spin-Off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business and may disrupt our operations;
- due to the application of pushdown accounting, our balance sheet includes goodwill and intangible assets recognized by Illumina in connection with their acquisition of us that may be subject to additional impairment over time;
- following the Spin-Off, our obligation to pay to Illumina a royalty will resume, which was suspended while we were owned by Illumina and will continue to be suspended until the earlier of two-and-a-half years or any earlier change of control of GRAIL, at which time royalty payments will resume;
- following the Spin-Off, we may be more susceptible to market fluctuations, the risk of takeover by third parties and other adverse events because our business will be less diversified than Illumina's businesses prior to the Spin-Off;
- the Spin-Off may require us to incur significant costs, including accounting, tax, legal, and other professional services costs and recruiting and relocation costs associated with hiring key senior management personnel who are new to our company, and costs to retain key management personnel;
- certain costs and liabilities that were otherwise less significant to Illumina as a whole will be more significant for us and Illumina as separate companies after the separation; and

- under the terms of the Tax Matters Agreement that we will enter into with Illumina, we expect to be restricted from taking certain actions that could cause the Spin-Off or other related transactions to fail to qualify as a tax-free transaction and these restrictions may limit us for a period of time from pursuing certain strategic transactions and equity issuances or engaging in other transactions that might increase the value of our business.

If we fail to achieve some or all of the benefits expected to result from the Spin-Off, or if such benefits are delayed, our business, financial condition, and results of operations could be materially adversely affected.

***We have no history of operating as a separate, publicly traded company, and our historical financial data is not necessarily representative of the results that we would have achieved if we had been a separate, publicly traded company and may not be a reliable indicator of our future results.***

From January 2016 until our acquisition by Illumina on August 18, 2021, we operated as an independent privately held company. Although we are a wholly owned subsidiary of Illumina, in connection with the legal and regulatory matters described under the section entitled "The Spin Off," our business is held and operated separately and independently from Illumina and Illumina must fund our operations and development. We derived the historical financial data included in this Information Statement from our consolidated financial statements and accounting records prepared as a wholly owned subsidiary of Illumina, and this data does not necessarily reflect the financial condition, results of operations, or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future. This is primarily because of the following factors:

- the historical financial data may not fully reflect the costs associated with the Spin-Off, including the costs related to being an independent public company;
- our historical financial data does not reflect our obligations under the various transitional and other agreements we will enter into with Illumina in connection with the Spin-Off;
- since Illumina acquired us in August 2021, our working capital requirements and capital for our general corporate purposes, including capital expenditures, have been satisfied by Illumina. Following the Spin-Off, we will need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships, or other arrangements, which may or may not be available or may be available only on less attractive terms than we may have received as a part of Illumina; and
- following the Spin-Off, we expect that the cost of capital for our business will be higher than Illumina's cost of capital prior to the Spin-Off.

Other significant changes may occur in our cost structure, management, financing, and business operations as a result of operating as a separate, publicly traded company. As such, our historical financial data may not be indicative of our future performance as a separate, publicly traded company. For additional information about our past financial performance and the basis of presentation of our financial statements, see "Selected Historical Financial Data," "Unaudited Pro Forma Condensed Consolidated Financial Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 117, 119, and 186, respectively, of this Information Statement and our Consolidated Financial Statements and the notes thereto included in "Index to Consolidated Financial Statements" beginning on page F-1 of this Information Statement.

***Our customers, prospective customers, suppliers, or other companies with whom we conduct business may conclude that our financial stability as a separate, publicly traded company is insufficient to satisfy their requirements for doing or continuing to do business with them.***

Some of our customers, prospective customers, suppliers, or other companies with whom we conduct business may conclude that our financial stability as a separate, publicly traded company is insufficient to satisfy

their requirements for doing or continuing to do business with them, or may require us to provide additional credit support, such as letters of credit or other financial guarantees. Any failure of parties to be satisfied with our financial stability could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***The unaudited pro forma condensed consolidated financial statements included in this Information Statement are presented for informational purposes only and may not be an indication of our financial condition or results of operations in the future.***

The unaudited pro forma condensed consolidated financial statements included in this Information Statement are presented for informational purposes only and are not necessarily indicative of what our actual financial condition or results of operations would have been had the Spin-Off been completed on the date indicated. The assumptions used in preparing the pro forma financial statements may not prove to be accurate and other factors may affect our financial condition or results of operations. Accordingly, our financial condition and results of operations in the future may not be evident from or consistent with such pro forma financial statements.

***Until the distribution occurs, the Illumina Board may change the terms of the Spin-Off in ways that may be unfavorable to us.***

Until the Distribution occurs, we will continue to be a wholly owned subsidiary of Illumina. Accordingly, Illumina has the discretion to determine and change the terms of the Spin-Off, including the establishment of the Record Date (as defined below) and the Distribution Date, and these changes could be unfavorable to us. In addition, the Illumina Board may decide not to proceed with the Spin-Off at any time prior to the Distribution.

***No vote of Illumina shareholders is required in connection with the Spin-Off. As a result, if the Spin-Off occurs and you do not want to receive our common stock in the Distribution, your sole recourse will be to divest yourself of your Illumina common stock prior to the Record Date or in the "regular-way" trading market during the period prior to the Distribution.***

No vote of Illumina shareholders is required in connection with the Spin-Off. Accordingly, if the Distribution occurs and you do not want to receive our common stock in the Distribution, your only recourse will be to divest yourself of your Illumina common stock prior to the Record Date or in the "regular-way" trading market during the period prior to the Distribution.

***After the distribution, certain of our executive officers may have actual or potential conflicts of interest because of their equity interests in Illumina.***

Because of their former positions with Illumina, certain of our executive officers own equity interests in Illumina. Continuing ownership of shares of Illumina common stock and equity awards (assuming such awards do not convert to GRAIL awards) could create, or appear to create, potential conflicts of interest if we and Illumina face decisions that could have implications for both Illumina and us after the separation.

**Risks Relating to Our Common Stock**

***No market for our common stock currently exists and an active trading market may not develop or be sustained after the Spin-Off. Following the Spin-Off our stock price may fluctuate significantly.***

There is currently no public market for our common stock. We intend to apply to list our common stock on Nasdaq. We anticipate that before the Distribution Date, trading of shares of our common stock will begin on a "when-issued" basis and this trading will continue up to and including the Distribution Date. However, an active trading market for our common stock may not develop as a result of the Spin-Off or may not be sustained in the future. The lack of an active market may make it more difficult for shareholders to sell our shares and could lead to our share price being depressed or volatile.

We cannot predict the prices at which our common stock may trade after the Spin-Off. The market price of our common stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- the commercial success of Galleri and the degree to which it meets the expectations for securities analysts and investors;
- the timing of launch of our other products, including DAC, and the degree to which the launch and commercialization thereof meets the expectations for securities analysts and investors;
- the timing and results of clinical studies for our products;
- commencement or termination of collaborations for our product development and research programs;
- failure or discontinuation of any of our product development and research programs;
- the overall establishment of the MCED testing field and the success of future third-party tests, services, or technologies;
- results of clinical studies, or regulatory approvals (or certifications) of future diagnostic tests of third parties, or announcements about new research programs or diagnostic tests of third parties;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents, or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our research programs or clinical development programs;
- actual or anticipated changes in our estimates as to our financial results or development timelines;
- whether our financial results, forecasts, and development timelines meet the expectations of securities analysts or investors;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, Illumina, or other stockholders;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- changes in the structure of healthcare payment systems, including changes that would affect coverage and reimbursement by third-party payors;
- market conditions in the healthcare sector;
- general economic, industry, and market conditions; and
- the other factors described in this “Risk Factors” section.

Furthermore, our business profile and market capitalization may not fit the investment objectives of some Illumina shareholders and, as a result, these Illumina shareholders may sell their shares of our common stock after the Distribution. See “—Substantial sales of our common stock may occur in connection with the Spin-Off, including the disposition by Illumina of the shares of our common stock that it retains after the Spin-Off, which could cause our stock price to decline” beginning on page 96 of this Information Statement. Low trading volume for our stock, which may occur if an active trading market does not develop, among other reasons, would amplify the effect of the above factors on our stock price volatility.

Additionally, in recent years, stock markets in general, and the market for healthcare companies in particular (including companies in the biotechnology, diagnostics, and related sectors), have experienced significant price

and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. Following periods of such volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. See "—We could be subject to securities class action litigation" beginning on page 100 of this Information Statement.

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

The trading market for our common stock will rely in part on the research and reports that industry or securities analysts publish about us or our business. We do not currently have, and may never obtain, research coverage by industry or securities analysts. If no or few analysts commence coverage of us, the trading price of our stock could decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

***Raising additional capital may cause dilution to our existing stockholders, restrict our operations, or require us to relinquish rights to our technologies or our products.***

We expect to seek additional capital, and may pursue fundraising paths that could include public and private equity offerings, debt financings, strategic partnerships, and alliances and licensing arrangements. We, and indirectly, our stockholders, will bear the cost of issuing and servicing securities issued in any such transactions. Because our decision to issue debt or equity securities will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future financings. To the extent that we raise additional capital through the sale of equity or debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. The incurrence of indebtedness 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, sell, or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Additionally, we may pursue collaborations with third parties that could provide capital in the near term but limit our potential revenues or cash flows in the future. If we raise additional funds through strategic partnerships, alliances, or licensing arrangements with third parties, we may have to trade valuable rights to our technologies or our products. Certain of the foregoing transactions may require us to obtain stockholder approval, which we may not be able to obtain.

In addition, your ownership interest may be diluted in the future because of the settlement or exercise of equity-based awards that we expect to grant to our directors, officers, and other employees. Prior to completion of the Spin-Off, we expect to approve an equity incentive plan that will provide for the grant of equity-based awards to our directors, officers, and other employees, including equity grants that are expected to be made upon completion of the Spin-Off. In addition, each Cash-Based Equity Award outstanding as of the Distribution Date will convert into GRAIL RSUs, as described in the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina—Employee Matters Agreement" beginning on page 234 of this Information Statement. For more information, see "Executive Compensation—Equity-Linked Compensation" beginning on page 220 of this Information Statement.

***We are an emerging growth company and the information we provide shareholders may be different from information provided by other public companies, which may result in a less active trading market for our common stock and higher volatility in our stock price.***

We are an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012. We will continue to be an emerging growth company until the earliest to occur of the following:

- the last day of the fiscal year in which our total annual gross revenues first meet or exceed $1.235 billion (as adjusted for inflation);
- the date on which we have, during the prior three-year period, issued more than $1.0 billion in non-convertible debt;
- the last day of the fiscal year in which we (i) have an aggregate worldwide market value of common stock held by non-affiliates of $700 million or more (measured at the end of each fiscal year) as of the last business day of our most recently completed second fiscal quarter and (ii) have been a reporting company under the Exchange Act for at least one year (and filed at least one annual report under the Exchange Act); or
- the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act of 1933 (the "Securities Act").

For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to:

- not being required to comply with the auditor attestation requirements of the assessment of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002 ("SOX");
- exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements, and registration statements; and
- exemptions from the requirement of holding a nonbinding advisory vote on executive compensation and shareholder approval on golden parachute compensation not previously approved.

We may choose to take advantage of some or all of these reduced burdens. For example, we have taken advantage of the reduced disclosure obligations regarding executive compensation in this Information Statement. For as long as we take advantage of the reduced reporting obligations, the information we provide shareholders may be different from information provided by other public companies. In addition, it is possible that some investors will find our common stock less attractive as a result of these elections, which may result in a less active trading market for our common stock and higher volatility in our stock price.

In addition, we have elected to not take advantage of the extended transition period that allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies, which means that the financial statements included in this Information Statement, as well as financial statements we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies. Our election not to take advantage of the extended transition period is irrevocable.

***Substantial sales of our common stock may occur in connection with the Spin-Off, including the disposition by Illumina of the shares of our common stock that it retains after the Spin-Off, which could cause our stock price to decline.***

Illumina shareholders receiving shares of our common stock in the Distribution generally may sell those shares immediately in the public market. It is likely that some Illumina shareholders, including some of its larger

shareholders, will sell their shares of our common stock received in the Distribution if, for reasons such as our business profile or market capitalization as an independent company, we do not fit their investment objectives, or, in the case of index funds, we are not a participant in the index in which they are investing.

Following the Distribution, Illumina will retain up to a 14.5% ownership interest of our common stock. We expect to enter into a Stockholder and Registration Rights Agreement with Illumina, pursuant to which we will provide Illumina registration rights with respect to the shares of our common stock it will retain following the Distribution. In addition, Illumina will agree to vote any shares of our common stock that it retains in proportion to the votes cast by our other stockholders and to grant us a proxy to vote its shares of our common stock in such proportion. Pursuant to the IRS private letter ruling, Illumina is required to dispose of any such shares of our common stock that it retains as soon as warranted consistent with the business reasons for the retention of such shares, but in no event later than five years after the Distribution. See "Certain Relationships and Related Party Transactions—Agreements with Illumina" beginning on page 233 of this Information Statement. Illumina is not required to hold any retained shares for any minimum period following the Distribution. We are unable to predict with certainty when Illumina will dispose of a substantial number of shares of common stock following the Distribution. The sales of significant amounts of our common stock by Illumina or any other significant shareholders, or the perception in the market that this will occur, may decrease the market price of our common stock.

***We do not expect to pay any dividends for the foreseeable future.***

You should not rely on our common stock to provide dividend income. We do not anticipate that we will pay any dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, any future credit facility or debt securities may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock.

***We will incur increased costs as a result of operating as a public company. Our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.***

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company. SOX Section 404, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Listing Rules, and other applicable U.S. rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We expect that we will need to hire additional accounting, finance, and other personnel in connection with our becoming, and our efforts to comply with the requirements of being, a public company, and our management and other personnel will need to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that the rules and regulations applicable to us as a public company may make it more difficult and more expensive for us to obtain director and officer liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to SOX Section 404, we will be required to furnish a report by our management on our internal control over financial reporting beginning with our second filing of an Annual Report on Form 10-K with the SEC after we become a public company. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with SOX 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, adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed time frame or at all, that our internal control over financial reporting is effective as required by SOX Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

***Certain provisions in our Certificate of Incorporation and Bylaws and Delaware law may discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.***

Several provisions of our Certificate of Incorporation and Bylaws may discourage, delay or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our organizational documents:

- establish that our board of directors is divided into three classes: Class I, Class II, and Class III, with each class serving staggered three-year terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- permit stockholders to take actions only at a duly called annual or special meeting and not by unanimous written consent;
- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend certain provisions of the Bylaws; and
- require the affirmative vote of at least 66 2/3% or more of the voting power of all the then-outstanding shares of voting stock to amend many of the provisions described above.

In addition, Section 203 of the Delaware General Corporation Law ("DGCL") prohibits a Delaware corporation from engaging in a business combination with any interested stockholder for a period of three years following the date the person became an interested stockholder, subject to certain exceptions. In general, Section 203 of the DGCL defines an "interested stockholder" as an entity or person who, together with the entity's or person's affiliates, beneficially owns, or is an affiliate of the corporation and within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation. A Delaware corporation may "opt out" of these provisions with an express provision in its certificate of incorporation. We have not opted out of Section 203 of the DGCL in our Certificate of Incorporation.

These and other provisions of our Certificate of Incorporation, Bylaws and Delaware law may discourage, delay, or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of us including unsolicited takeover attempts, even though the transaction may offer our shareholders the opportunity to sell their shares of our common stock at a price above the prevailing market price. For more information, see "Description of Our Capital Stock—Certain Provisions of Delaware Law, Our Certificate of Incorporation and Bylaws" beginning on page 239 of this Information Statement.

***Our Certificate of Incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or other employees.***

Our Certificate of Incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any current of former directors, officers or other employees, or stockholders to us or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or our amended and restated Certificate of Incorporation and Bylaws; and
- any action asserting a claim governed by the internal affairs doctrine.

However, this provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, our Certificate of Incorporation also provides that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or with our directors, officers, other employees or agents, or our other stockholders, which may discourage such lawsuits against us and such other persons. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, results of operations, and financial condition.

***The rights associated with our common stock will differ from the rights associated with Illumina common stock.***

Upon completion of the Distribution, the rights of Illumina shareholders who become our shareholders will be governed by our Certificate of Incorporation and Bylaws and by Delaware law. The rights associated with Illumina shares are different from the rights associated with our shares. Material differences between the rights of Illumina shareholders and the rights of our shareholders include differences with respect to, among other things:

- whether the board of directors is classified;
- the right of shareholders to call special meetings;
- the voting standard in director elections; and
- certain anti-takeover measures.

For more information, see "Description of Our Capital Stock—Certain Provisions of Delaware Law, Our Certificate of Incorporation and Bylaws" beginning on page 239 of this Information Statement.

***We could be subject to securities class action litigation.***

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 healthcare companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of our management's attention and resources, which could harm our business.

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Information Statement contains forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “should,” “would,” or “will,” the negative of these terms, and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties, and assumptions about us, may include expectations and projections of our future financial performance, future tests or products, technology, clinical studies, regulatory compliance, potential market opportunity, anticipated growth strategies, and anticipated trends in our business and the Spin-Off, including the expected timing of completion of the Spin-Off and estimated costs associated with the Spin-Off.

These statements are only predictions based on our current expectations and projections about future events and trends. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially and adversely from those expressed or implied by the forward-looking statements, including those factors discussed under the section entitled “Risk Factors.” You should specifically consider the numerous risks described under the section entitled “Risk Factors.” Moreover, we operate in a dynamic and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results, level of activity, performance, or achievements to differ materially and adversely from those contained in any forward-looking statements we may make.

Forward-looking statements relate to the future and, accordingly, are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Although we believe the expectations and projections expressed or implied by the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Except to the extent required by law, we undertake no obligation to update any of these forward-looking statements after the date of this Information Statement to conform our prior statements to actual results or revised expectations or to reflect new information or the occurrence of unanticipated events.

## THE SPIN-OFF

### Background

Illumina completed its acquisition of us on August 18, 2021 (the "Acquisition"). At the same time, Illumina executed binding commitments pursuant to which Illumina would hold GRAIL separately during the European Commission's review of the Acquisition (the "Hold Separate Commitments"). In April 2021, the European Commission asserted jurisdiction to review the Acquisition pursuant to Article 22 of Council Regulation (EC) No 139/2004 (the "EU Merger Regulation"). On July 13, 2022, the General Court of the European Union dismissed Illumina's action for annulment of the European Commission's jurisdictional claim and ruled in favor of the Commission, holding that the European Commission has jurisdiction to review the Acquisition under the EU Merger Regulation. Illumina maintains that the European Commission does not have jurisdiction over the Acquisition, and on September 22 and 30, 2022, Illumina and GRAIL, respectively, each filed a separate appeal in the Court of Justice of the European Union, both of which remain pending. On September 6, 2022, the European Commission adopted a decision finding that, in its view, Illumina's acquisition of GRAIL was incompatible with the internal market in Europe. On November 17, 2022, Illumina asked for annulment of this decision before the General Court of the European Union (GRAIL intervened in this procedure in support of Illumina). On July 12, 2023, the European Commission adopted a final decision finding that Illumina breached the EU Merger Regulation by, in its view, acquiring the possibility to exert decisive influence over GRAIL and exerting such influence during the pendency of the European Commission's review. On September 26, 2023, Illumina sought the annulment of this decision. On October 29, 2021, the European Commission adopted an order imposing interim measures, (the "Initial Interim Measures Orders") which was renewed on October 28, 2022 (the "Second Interim Measures Orders"). Illumina and GRAIL both sought the annulment of the initial interim measures, and Illumina—with GRAIL intervening in its support—also sought the annulment of the renewed interim measures. The European Commission imposed transitional measures on October 12, 2023 (the "Transitional Measures") pursuant to the EC Divestment Decision (as defined below), which replaced the Initial Interim Measures Orders and Second Interim Measures Orders. Such measures provide, among other things, that (i) Illumina ensure that Illumina and GRAIL continue to operate as independent legal entities that transact at arm's length, no integration activity takes place, the day-to-day operation of GRAIL remains the sole responsibility of GRAIL's management and Illumina's management has no involvement in or influence over GRAIL and (ii) Illumina take certain supportive measures to preserve GRAIL's viability, marketability, and competitiveness, including with respect to the provision of resources to GRAIL and the retention and/or replacement of key personnel of GRAIL. Currently, GRAIL is held and operated separately and independently from Illumina and Illumina must fund GRAIL's operations and development.

On December 5, 2022, the European Commission issued a Statement of Objections informing Illumina of the order it intended to adopt which would require Illumina to divest GRAIL (the "EC Divestment Decision"). On October 12, 2023, the European Commission announced that it had adopted the EC Divestment Decision, which orders Illumina to, among other things, divest GRAIL, and imposes the Transitional Measures. The EC Divestment Decision requires Illumina to dispose of GRAIL within 12 months of the date of the EC Divestment Decision (which date can be extended by three months in certain circumstances upon request by Illumina). The EC Divestment Decision permits Illumina to consider a range of methods of disposal including, but not limited to, a third-party sale or a capital markets transaction. On December 22, 2023, Illumina sought the annulment of the EC Divestment Decision. On April 12, 2024, the European Commission approved a divestment plan (the "Divestment Plan") submitted by Illumina pursuant to which Illumina agreed to divest GRAIL on specified terms. The EC Divestment Decision permits Illumina to retain up to a 14.5% ownership interest in GRAIL and to re-establish the royalty arrangement it previously had in place with GRAIL. See the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina" beginning on page 233 of this Information Statement for more detail. Assuming the Spin-Off is consummated, Illumina is required to, among other things, ensure that GRAIL has sufficient funding to cover a specified period of operations.

The risks and costs related to the foregoing proceedings, including the costs associated with our intervention in the proceedings and all other legal costs, are fundamentally borne by Illumina and not GRAIL. We expect that

future costs associated with these regulatory proceedings will be limited because the Separation and Distribution is anticipated to expedite resolution of such regulatory proceedings. Following the Spin-Off, GRAIL may become or remain party to certain related administrative and litigation proceedings. For example, as certain provisions of the EC Divestment Decision will continue to apply to GRAIL after the Spin-Off, we expect to continue to have separate limited interactions with the European Commission. GRAIL is also expected to remain involved as a separate party from Illumina in a number of ongoing court proceedings, such as ongoing procedures regarding European Commission's assertion of jurisdiction to review the acquisition of GRAIL by Illumina under Article 22(1) of Council Regulation (EC) No 139/2004. GRAIL may also be a party or otherwise involved in new litigation proceedings regarding the acquisition.

On March 30, 2021, the U.S. Federal Trade Commission ("FTC") issued an administrative complaint seeking to prevent the Acquisition. On September 1, 2022, an administrative law judge issued a decision in favor of the Acquisition and dismissed the FTC's complaint. The FTC's complaint counsel appealed to the full FTC. On March 31, 2023, the FTC issued a decision overturning the administrative law judge's prior ruling ("FTC Order"). GRAIL and Illumina appealed the FTC's decision to the U.S. Court of Appeals for the Fifth Circuit (the "Fifth Circuit"). On December 15, 2023, the Fifth Circuit issued its opinion and order, in which the court ruled that the FTC applied the incorrect standard in assessing Illumina's open offer contract, and on that basis vacated the FTC Order and remanded the case to the FTC for reconsideration of the effects of the open offer contract under the proper standard as described in the Fifth Circuit's decision, and in all other respects upheld the FTC's decision. We expect the Spin-Off to facilitate a prompt resolution of the FTC proceedings and, based on the fact that Illumina had a 14.5% ownership interest in GRAIL at the time of the Acquisition, do not expect that Illumina's potential retention of up to a 14.5% ownership interest in GRAIL will affect the resolution of these proceedings.

On December 17, 2023, Illumina announced it would divest GRAIL. On , 2024, Illumina announced plans for the separation of GRAIL from Illumina via the Spin-Off.

Immediately prior to the completion of the Spin-Off, GRAIL will be converted into a Delaware corporation and will be renamed GRAIL, Inc. To effect the Spin-Off, Illumina will distribute at least 85.5% of the shares of GRAIL's common stock owned by Illumina as of the close of business on , 2024, which is the record date for the Distribution, to Illumina's stockholders, and GRAIL will become an independent, publicly traded company. Immediately after the Distribution becomes effective, Illumina may retain up to 14.5% of GRAIL's common stock.

Prior to completion of the Spin-Off, we intend to enter into a Separation and Distribution Agreement and several other agreements with Illumina related to the Spin-Off. These agreements will govern the relationship between Illumina and us after completion of the Spin-Off and allocate between Illumina and us various assets, liabilities and obligations, including those related to employees and compensation and benefits plans and programs and tax-related assets and liabilities. See the section entitled "Certain Relationships and Related Party Transactions" beginning on page 233 of this Information Statement for more detail. No approval of Illumina's stockholders is required in connection with the Spin-Off, and Illumina's stockholders will not have any appraisal rights in connection with the Spin-Off.

Completion of the Spin-Off is subject to the satisfaction, or the waiver by Illumina's board of directors (the "Illumina Board"), of a number of conditions. If the Illumina Board waives any condition prior to the effectiveness of the Registration Statement on Form 10, of which this Information Statement is a part, and the result of such waiver is material to Illumina stockholders, Illumina will file an amendment to the Registration Statement to revise the disclosure in this Information Statement accordingly. In the event that the Illumina Board waives a condition after the Registration Statement on Form 10, of which this Information Statement is a part, becomes effective and such waiver is material to Illumina stockholders, Illumina will communicate such change to Illumina stockholders by filing a Current Report on Form 8-K describing the change. For a complete discussion of the conditions to the Distribution, see the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement.

In addition, Illumina has the right not to complete the Spin-Off if, at any time, the Illumina Board determines, in its sole and absolute discretion, subject to the terms of the Separation and Distribution Agreement, that the Spin-Off is not in the best interests of Illumina or its stockholders or is otherwise not advisable. If the Spin-Off is not completed for any reason, Illumina and GRAIL will have incurred significant costs related to the Spin-Off, including fees for consultants, financial and legal advisors, accountants and auditors, that will not be recouped. If the Spin-Off is not completed for any reason, the one-time transaction costs will generally be limited to the transaction costs incurred for services rendered as of the date the Spin-Off is abandoned, which will be less than the range noted above. Our and Illumina's management will also have devoted significant time to manage the Spin-Off process, which will decrease the time they will have to manage their respective businesses. See the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement for more detail.

**Reasons for the Spin-Off**

Following the EC Divestment Decision, which ordered Illumina to, among other things, divest GRAIL, and with the goal of enhancing stockholder value, the Illumina Board conducted a process through which it considered a range of potential divestment transactions. Illumina retained Centerview Partners LLC and J.P. Morgan Securities LLC (the "Illumina Financial Advisors") and Cravath, Swaine & Moore LLP ("Illumina Counsel") to assist in this process. The Illumina Financial Advisors and Illumina Counsel provided Illumina with information regarding process and timing considerations associated with different disposition alternatives, including a sale of GRAIL, a spin-off of GRAIL and a "split-off" transaction. A split-off transaction would involve a first step initial public offering of GRAIL shares followed by an exchange offer pursuant to which Illumina would offer to exchange GRAIL shares retained following such initial public offering for shares of Illumina common stock. Thereafter, Illumina, with the assistance of the Illumina Financial Advisors and Illumina Counsel, undertook preliminary steps with respect to potential divestment transactions, including a potential sale of GRAIL or a spin-off.

On December 15, 2023, the U.S. Fifth Circuit Court of Appeals issued its decision in the matter of *Illumina v. the Federal Trade Commission*. Following a review of the Court's opinion, Illumina determined not to pursue further appeals of the Fifth Circuit's decision and on December 17, 2023, Illumina announced that it would divest GRAIL, and that it expected that the divestiture would be executed through a third-party sale or capital markets transaction, consistent with the EC Divestment Decision.

Beginning in December 2023, the Illumina Financial Advisors commenced a sale process for GRAIL on behalf of Illumina. As part of this process, the Illumina Financial Advisors contacted prospective buyers and facilitated the execution of confidentiality agreements by prospective buyers. Following the execution of a confidentiality agreement, prospective buyers received initial information regarding GRAIL and participated in meetings and follow-up calls, as requested, with representatives of GRAIL. Prospective buyers who had an interest in exploring a potential acquisition of GRAIL were asked to submit non-binding indications of interest in February 2024. Illumina, GRAIL and their respective advisors continued to prepare for a potential spin-off in parallel with the sale process. During the first quarter of 2024, the Illumina Financial Advisors and Illumina Counsel provided regular updates to Illumina management regarding developments in the sale process and a potential spin-off. At a meeting on April 2, 2024, the Illumina Board reviewed information regarding divestment alternatives, including information regarding the sale process and a potential spin-off, with the Illumina Financial Advisors. Following its review, the Illumina Board determined to continue to explore all divestment options, pending the European Commission's approval of the Divestment Plan.

As part of its evaluation of divestment alternatives, the Illumina Board considered a number of factors, including the long-term prospects and strategic viability of GRAIL, the strategic clarity and flexibility for Illumina and GRAIL after the Spin-Off, the ability of GRAIL to compete and operate efficiently and effectively (including GRAIL's ability to retain and attract management talent) after the Spin-Off, the financial profile and

capital requirements of GRAIL, the expected timing and probability of successful execution of each disposition alternative (including the necessity of the European Commission approving any potential buyer), the expected tax impact of each disposition alternative, and the potential reaction of investors. After evaluating these and other considerations with the Illumina Financial Advisors, at a meeting on May 24, 2024, the Illumina Board concluded that the Spin-Off presented the most attractive alternative for enhancing long-term stockholder value while complying with the requirements of the EC Divestment Decision and that proceeding with the Spin-Off would be in the best interests of Illumina and its stockholders.

In particular, the Illumina Board considered a number of potential benefits of this approach, including:

- ***Opportunity for continued ownership of GRAIL by Illumina stockholders.*** The Spin-Off will provide Illumina stockholders the opportunity to determine whether they wish to continue to own an interest in GRAIL despite GRAIL's required separation from Illumina.
- ***Distinct and clear financial profiles and compelling investment cases***. Investment in one or the other company may appeal to investors with different goals, interests, and expectations. The Spin-Off will allow investors to make independent investment decisions with respect to Illumina and GRAIL and may result in greater alignment between the interests of each company's stockholder base and the characteristics of its respective business, capital structure, and financial results.
- ***Separate capital structures and allocation flexibility***. The Spin-Off will permit each of Illumina and GRAIL to allocate its financial resources to meet the unique needs of its own businesses, which will allow each company to focus on its distinct strategic priorities and individual business risk and return profiles.
- ***Creation of independent equity securities and increased strategic opportunities***. The Spin-Off will afford Illumina and GRAIL the ability to offer their independent equity securities to the capital markets and enable each standalone company to use its own industry-focused stock to pursue portfolio-enhancing acquisitions or other strategic opportunities that are more closely aligned with each company's strategic goals and expected growth opportunities.

The Illumina Board also considered a number of potentially negative factors in evaluating the Spin-Off, including:

- ***Risk of failure to achieve the anticipated benefits of the Spin-Off***. Illumina and GRAIL may not achieve the anticipated benefits of the Spin-Off for a variety of reasons, including, among others: the Spin-Off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our businesses; there may be dis-synergy costs related to the Spin-Off; and following the Spin-Off, each company may be more susceptible to certain economic and market fluctuations and other adverse events than if GRAIL were still a part of Illumina because each company will be less diversified than Illumina prior to the separation. For more information on the specific risks to GRAIL of the failure to achieve the anticipated benefits of the Spin-Off, see the section entitled "Risk Factors—Risks Relating to the Spin-Off—We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off, which could materially adversely affect our business, financial condition, and results of operations" beginning on page 91 of this Information Statement.
- ***Limitations on strategic transactions***. Under the terms of the Tax Matters Agreement that GRAIL will enter into with Illumina, GRAIL expects to be restricted from taking certain actions that could cause the Distribution or certain related transactions to fail to qualify as tax-free transactions under applicable law. These restrictions may limit for a period of time GRAIL's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that otherwise might increase the value of our business. For more information, see the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina—Tax Matters Agreement" beginning on page 234 of this Information Statement.

- ***Disruptions and costs related to the Spin-Off***. The actions required to separate GRAIL from Illumina could disrupt both Illumina's and GRAIL's operations. In addition, Illumina and GRAIL will incur substantial costs in connection with the Spin-Off and GRAIL's transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, and recruiting and relocation costs associated with hiring directors and management who are new to GRAIL.
- ***Uncertainty regarding share prices***. We cannot predict the effect of the Distribution on the trading prices of Illumina's and GRAIL's common stock or know with certainty whether the combined market value of the shares of GRAIL common stock to be distributed per share of Illumina common stock in the Distribution and Illumina's common stock following the Distribution will be less than, equal to, or greater than the market value of the shares of Illumina's common stock prior to the Distribution. Furthermore, there is the risk of volatility in each company's stock price following the Distribution due to sales by certain stockholders whose investment objectives may not be met by each company's common stock, and it may take time for each company to attract its optimal stockholder base.

Notwithstanding these factors, the anticipated costs of which are not reasonably quantifiable, and considering the potential benefits discussed above, the Illumina Board determined that the Spin-Off provided the best opportunity to achieve the above benefits and enhance stockholder value. For additional information, see the section entitled "Risk Factors" beginning on page 31 of this Information Statement.

**Reasons for Illumina's Retention of up to 14.5% of GRAIL Common Stock**

Immediately after the Distribution becomes effective, Illumina may retain up to 14.5% of GRAIL's common stock. Illumina's plan to potentially distribute less than all of GRAIL's common stock to its stockholders in the Spin-Off is motivated by its desire to establish an appropriate capital structure for each of GRAIL and Illumina, including by strengthening Illumina's balance sheet or reducing Illumina's indebtedness, in any case directly or indirectly, following the Spin-Off. The IRS private letter ruling requires that all retained shares be sold or otherwise disposed of by Illumina as soon as warranted consistent with the business reasons for the retention of those shares, but in no event later than five years after the Distribution. Such dispositions could include a sale of its shares for cash, distributions of GRAIL common stock to Illumina stockholders or securityholders as dividends or in exchange for outstanding shares of Illumina common stock, indebtedness or other securities, or any combination thereof.

We expect to enter into a Stockholder and Registration Rights Agreement with Illumina, pursuant to which we will provide Illumina registration rights with respect to the shares of our common stock it will retain following the Distribution. Illumina is not required to hold any retained shares for any minimum period following the Distribution. We are unable to predict with certainty when Illumina will dispose of a substantial number of shares of common stock following the Distribution. The sales of significant amounts of our common stock by Illumina, or the perception in the market that this will occur, may decrease the market price of our common stock. See "Risk Factors—Substantial sales of our common stock may occur in connection with the Spin-Off, including the disposition by Illumina of the shares of our common stock that it retains after the Spin-Off, which could cause our stock price to decline" beginning on page 96 of this Information Statement.

**When and How You Will Receive GRAIL Shares**

Illumina will distribute to its stockholders, as a pro rata dividend, for every six shares of Illumina common stock outstanding as of the close of business on the Record Date, , 2024, one share of our common stock.

Prior to the Distribution, Illumina will deliver at least 85.5% of the issued and outstanding shares of our common stock to the distribution agent. Computershare Trust Company, N.A. ("Computershare") will serve as distribution agent in connection with the Distribution and as transfer agent and registrar for our common stock.

If you own Illumina common stock as of the close of business on , 2024, the shares of our common stock that you are entitled to receive in the Distribution will be issued to your account as follows:

- *Registered stockholders*. If you own your shares of Illumina common stock directly through Illumina's transfer agent, Computershare, you are a registered stockholder. In this case, the distribution agent will credit the whole shares of our common stock you receive in the Distribution by way of direct registration in book-entry form to a new account with our transfer agent. Registration in book-entry form refers to a method of recording share ownership where no physical stock certificates are issued to stockholders, as is the case in the Distribution. You will be able to access information regarding your book-entry account holding the GRAIL shares at www.computershare.com/us.com or www-us.computershare.com/Investor/#Home or by calling +1 (781) 575 2879 or (877) 373 6374 (toll free).

  Commencing on or shortly after the Distribution Date, the distribution agent will mail to you an account statement that indicates the number of whole shares of our common stock that have been registered in book-entry form in your name. We expect it will take the distribution agent up to two weeks after the Distribution Date to complete the distribution of the shares of our common stock and mail statements of holding to all registered stockholders.

- "*Street name*" *or beneficial stockholders*. If you own your shares of Illumina common stock beneficially through a bank, broker, or other nominee, such bank, broker, or other nominee holds the shares in "street name" and records your ownership on its books. If you own your shares of Illumina common stock through a bank, broker, or other nominee, your bank, broker, or other nominee will credit your account with the whole shares of our common stock that you receive in the Distribution on or shortly after the Distribution Date. We encourage you to contact your bank, broker, or other nominee if you have any questions concerning the mechanics of having shares held in "street name."

If you sell any of your shares of Illumina common stock on or before the Distribution Date, the buyer of those shares may, in some circumstances, be entitled to receive the shares of our common stock to be distributed in respect of the Illumina shares you sold. For more information, see the section entitled "—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement.

We are not asking Illumina stockholders to take any action in connection with the Spin-Off. No stockholder approval of the Spin-Off is required. We are not asking you for a proxy and request that you not send us a proxy. We are also not asking you to make any payment or surrender or exchange any of your shares of Illumina common stock for shares of our common stock. The number of outstanding shares of Illumina common stock will not change as a result of the Spin-Off.

**Number of Shares You Will Receive**

On the Distribution Date, for every six shares of Illumina common stock you owned as of the Record Date, you will receive one share of our common stock.

**Treatment of Fractional Shares**

The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of Illumina stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees, transfer taxes and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). We anticipate that the distribution agent will make these sales in the "when-issued" market, and "when-issued" trades will generally settle within one trading day following the Distribution Date. For more information regarding "when-issued" trading, see the section entitled "—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement. The distribution agent will, in its sole

discretion, without any influence by Illumina or us, determine when, how, through which broker-dealer, and at what price to sell the whole shares. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either Illumina or us.

The distribution agent will send to each registered holder of Illumina common stock entitled to a fractional share a check in the cash amount deliverable in lieu of that holder's fractional share as soon as practicable following the Distribution Date. We expect the distribution agent to take about two weeks after the Distribution Date to complete the distribution of cash in lieu of fractional shares to Illumina stockholders. If you hold your shares of GRAIL common stock through a bank, broker, or other nominee, your bank, broker, or nominee will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales. No interest will be paid on any cash you receive in lieu of a fractional share. The cash you receive in lieu of a fractional share will generally be taxable to you for U.S. federal income tax purposes. For more information, see the section below entitled "—Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on this page 108 of this Information Statement.

**Treatment of Outstanding Equity Incentive Awards**

We expect that each Illumina equity incentive award outstanding as of the Distribution Date held by directors and employees who will continue at Illumina will remain outstanding and continue to be subject to the same terms and conditions following the Distribution Date, but with adjustments to the number of shares of Illumina common stock subject to such award in order to preserve its value. We expect that each Illumina equity incentive award held by current or former GRAIL employees that is outstanding immediately prior to the Distribution Date will be assumed by GRAIL and converted into a GRAIL equity award denominated in shares of GRAIL common stock, but with adjustments to the number of shares of GRAIL common stock subject to such award in order to preserve its value.

Each Cash-Based Equity Award outstanding as of the Distribution Date will convert into GRAIL RSUs. For additional information regarding such conversion methodology, see the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina—Employee Matters Agreement" beginning on page 234 of this Information Statement.

**Material U.S. Federal Income Tax Consequences of the Spin-Off**

***Consequences to U.S. Holders of Illumina Common Stock***

The following is a summary of the material U.S. federal income tax consequences to holders of Illumina common stock in connection with the Distribution. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations promulgated under the Code and judicial and administrative interpretations of those laws, in each case as in effect and available as of the date of this Information Statement and all of which are subject to change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below.

This summary is limited to holders of Illumina common stock who hold their Illumina common stock as a capital asset. For purposes of this summary, a "U.S. Holder" is a beneficial owner of Illumina common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S. or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under law in effect before August 20, 1996, a valid election is in place under applicable Treasury Regulations.

This summary does not discuss all tax considerations that may be relevant to shareholders in light of their particular circumstances, nor does it address the consequences to shareholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- tax-exempt entities;
- banks, financial institutions, or insurance companies;
- real estate investment trusts, regulated investment companies, or grantor trusts;
- persons who acquired Illumina common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- shareholders who own, or are deemed to own, 10% or more, by voting power or value, of Illumina equity;
- shareholders owning Illumina common stock as part of a position in a straddle or as part of a hedging, conversion, or other risk-reduction transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the U.S.;
- shareholders who are subject to the alternative minimum tax;
- persons who own Illumina common stock through partnerships or other pass-through entities; or
- persons who hold Illumina common stock through a tax-qualified retirement plan.

This summary does not address any U.S. state or local or foreign tax consequences or any estate, gift, or other non-income tax consequences.

If a partnership, or any other entity treated as a partnership for U.S. federal income tax purposes, holds Illumina common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership is urged to consult its own tax advisor as to its tax consequences.

**YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE DISTRIBUTION.**

*General*

Illumina has received a private letter ruling from the IRS substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code. The completion of the Spin-Off is conditioned on, among other things, the continuing effectiveness and validity of Illumina's private letter ruling and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP. The private letter ruling is, and the opinion will be, based on the assumption that, among other things, the representations made, and information submitted, in connection with them are accurate, and that we and Illumina will comply with certain warranties and covenants specified therein. If the Spin-Off qualifies for this treatment and subject to the qualifications and limitations set forth herein (including the discussion below relating to the receipt of cash in lieu of fractional shares), for U.S. federal income tax purposes:

- no gain or loss will be recognized by, or be includible in the income of, a U.S. Holder as a result of the Distribution, except with respect to any cash received in lieu of fractional shares;
- the aggregate tax basis of the Illumina common stock and our common stock held by each U.S. Holder immediately after the Distribution will be the same as the aggregate tax basis of the Illumina common stock held by the U.S. Holder immediately before the Distribution, allocated between the Illumina

common stock and our common stock in proportion to their relative fair market values on the date of the Distribution (subject to reduction upon the deemed sale of any fractional shares, as described below); and

- the holding period of our common stock received by each U.S. Holder should include the holding period of its Illumina common stock.

U.S. Holders who have acquired different blocks of Illumina common stock at different times or at different prices are urged to consult their tax advisors regarding the allocation of their aggregate adjusted tax basis among, and the holding period of, shares of our common stock distributed with respect to such blocks of Illumina common stock.

If a U.S. Holder receives cash in lieu of a fractional share of common stock as part of the Distribution, the U.S. Holder will be treated as though it first received a distribution of the fractional share in the Distribution and then sold it for the amount of cash actually received. The U.S. Holder will generally recognize capital gain or loss measured by the difference between the cash received for such fractional share and the U.S. Holder's tax basis in that fractional share, as determined above. Such capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the Illumina common stock is more than one year on the date of the Distribution.

The private letter ruling does not address, and the opinion of counsel will not address, any U.S. state or local or foreign tax consequences of the Spin-Off. The private letter ruling assumes, and the opinion will assume, that the Spin-Off will be completed according to the terms of the Separation and Distribution Agreement and will rely on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the other ancillary agreements, this Information Statement, and certain other documents. In addition, the private letter ruling is based on, and the opinion will be based on, certain representations as to factual matters from, and certain covenants by, Illumina and us. The private letter ruling and the opinion cannot be relied on if any of the assumptions, representations, or covenants is incorrect, incomplete, or inaccurate or is violated in any material respect.

The opinion of counsel will not be binding on the IRS or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. Although a private letter ruling from the IRS is generally binding on the IRS, the ruling is based on certain facts and representations and undertakings from Illumina and us that certain necessary conditions to obtain tax-free treatment under the Code have been satisfied, and the private letter ruling does not address every requirement for the Spin-Off to qualify for tax-free treatment.

If the Spin-Off were determined not to qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code, the above consequences would not apply, and U.S. Holders could be subject to tax. In this case, each U.S. Holder who receives our common stock in the Distribution would generally be treated as receiving a distribution in an amount equal to the fair market value of our common stock received, which would generally result in:

- a taxable dividend to the U.S. Holder to the extent of that U.S. Holder's pro rata share of Illumina's current and accumulated earnings and profits;
- a reduction in the U.S. Holder's basis (but not below zero) in Illumina common stock to the extent the amount received exceeds the shareholder's share of Illumina's earnings and profits; and
- a taxable gain from the exchange of Illumina common stock to the extent the amount received exceeds the sum of the U.S. Holder's share of Illumina's earnings and profits and the U.S. Holder's basis in its Illumina common stock.

*Backup Withholding and Information Statement*

Payments of cash in lieu of a fractional share of our common stock may, under certain circumstances, be subject to "backup withholding," unless a U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the requirements of the backup withholding rules. Corporations will generally be exempt from backup withholding, but may be required to provide a certification to establish their entitlement to the exemption. Backup withholding is not an additional tax, and it may be refunded or credited against a U.S. Holder's U.S. federal income tax liability if the required information is timely supplied to the IRS.

Treasury Regulations require each Illumina shareholder that, immediately before the Distribution, owned 5% or more (by vote or value) of the total outstanding stock of Illumina to attach to such shareholder's U.S. federal income tax return for the year in which the Distribution occurs a statement setting forth certain information related to the Distribution.

***Consequences to Illumina***

The following is a summary of the material U.S. federal income tax consequences to Illumina in connection with the Spin-Off that may be relevant to holders of Illumina common stock.

As discussed above, Illumina has received a private letter ruling from the IRS substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code. The completion of the Spin-Off is conditioned on, among other things, the continuing effectiveness and validity of Illumina's private letter ruling and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP. If the Spin-Off so qualifies, no gain or loss will be recognized by Illumina as a result of the Distribution. The opinion of counsel is subject to the qualifications and limitations as are set forth above under the section above entitled "—Consequences to U.S. Holders of Illumina Common Stock" beginning on page 108 of this Information Statement.

If the Spin-Off were determined not to qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code, then Illumina would generally recognize gain equal to the excess of the fair market value of our common stock distributed to Illumina shareholders over Illumina's tax basis in our common stock.

***Indemnification Obligation***

If it were determined that the Spin-Off did not qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code, we expect that we could, under certain circumstances, be required under the Tax Matters Agreement to indemnify Illumina for certain taxes resulting from the recognition of gain described above and related expenses. In addition, current tax law generally creates a presumption that the Distribution would be taxable to Illumina, but not to holders, if we or our shareholders were to engage in transactions that result in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the Distribution, unless it were established that such transactions and the Distribution were not part of a plan or series of related transactions giving effect to such a change in ownership. If the distribution were taxable to Illumina due to such a 50% or greater change in ownership of our stock, Illumina would recognize gain equal to the excess of the fair market value of our common stock distributed to Illumina shareholders over Illumina's tax basis in our common stock and we expect that we could, under certain circumstances, be required under the Tax Matters Agreement to indemnify Illumina for some or all of the tax on such gain and related expenses.

**Results of the Spin-Off**

After the Spin-Off, we will be an independent, publicly traded company. Immediately following the Spin-Off, we expect to have approximately 551 stockholders of record and approximately 31.1 million shares of our common stock outstanding, based in part on the number of registered holders of Illumina common stock and shares of Illumina common stock outstanding on April 26, 2024. Up to 14.5% of our common stock will be held by Illumina. The actual number of shares of our common stock Illumina will distribute in the Spin-Off will depend on the actual number of shares of Illumina common stock outstanding on the Record Date, which will reflect any issuance of new shares in respect of settlements or exercises of outstanding equity-based awards pursuant to Illumina's equity plans, on or prior to the Record Date. The Spin-Off will not affect the number of outstanding shares of Illumina common stock or any rights of Illumina stockholders, although we expect the trading price of shares of Illumina common stock immediately following the Distribution to be lower than immediately prior to the Distribution because the trading price of Illumina common stock will no longer reflect the value of GRAIL. Furthermore, until the market has fully analyzed the value of Illumina without GRAIL, the trading price of shares of Illumina common stock may fluctuate and result in a higher volatility in the price of our common stock.

Before our separation from Illumina, we intend to enter into a Separation and Distribution Agreement and several other agreements with Illumina related to the Spin-Off. These agreements will govern the relationship between Illumina and GRAIL after completion of the Spin-Off and allocate between Illumina and GRAIL various assets, liabilities, rights, and obligations, including those related to employees and compensation and benefits plans and programs and tax-related assets and liabilities. We describe these arrangements in greater detail under the section entitled "Certain Relationships and Related Party Transactions—Agreements with Illumina" beginning on page 233 of this Information Statement.

**Listing and Trading of Our Common Stock**

As of the date of this Information Statement, we are a wholly owned subsidiary of Illumina. Accordingly, no public market for our common stock currently exists, although a "when-issued" market in our common stock may develop prior to the Distribution. For an explanation of a "when-issued market," see the section below entitled "—Trading Prior to the Distribution Date" beginning on page 113 of this Information Statement. We intend to list our shares of common stock on Nasdaq under the ticker symbol "GRAL." Following the Spin-Off, Illumina common stock will continue to trade on Nasdaq under the ticker symbol "ILMN."

Neither we nor Illumina can assure you as to the trading price of Illumina common stock or our common stock after the Spin-Off, or as to whether the combined trading prices of our common stock and the Illumina common stock after the Spin-Off will be less than, equal to or greater than the trading prices of Illumina common stock prior to the Spin-Off. The trading price of our common stock may fluctuate significantly following the Spin-Off and result in a higher volatility in the price of our common stock. For more detail, see the section entitled "Risk Factors—Risks Relating to Our Common Stock" beginning on page 93 of this Information Statement.

The shares of our common stock distributed to Illumina stockholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the Spin-Off include individuals who control, are controlled by, or are under common control with us, as those terms generally are interpreted for U.S. federal securities law purposes. These individuals may include some or all of our directors and executives. Individuals who are our affiliates will be permitted to sell their shares of our common stock only pursuant to an effective registration statement under the Securities Act of 1933 (the "Securities Act") or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(a)(1) of the Securities Act or Rule 144 thereunder.

**Trading Prior to the Distribution Date**

We expect a "when-issued" market in our common stock to develop on or shortly before the Record Date for the Distribution and continue up to and including the Distribution Date. "When-issued" trading refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. If you own shares of Illumina common stock at the close of business on the Record Date, you will be entitled to receive shares of our common stock in the Distribution. You may trade this entitlement to receive shares of our common stock, without the shares of Illumina common stock you own, on the "when-issued" market. We expect "when-issued" trades of our common stock to settle within one trading day after the Distribution Date. On the first trading day following the Distribution Date, we expect that "when-issued" trading of our common stock will end and "regular-way" trading will begin.

We also anticipate that, on or shortly before the Record Date and continuing up to and including the Distribution Date, there will be two markets in Illumina common stock: a "regular-way" market and an "ex-distribution" market. Shares of Illumina common stock that trade on the "regular-way" market will trade with an entitlement to receive shares of our common stock in the Distribution. Shares that trade on the "ex-distribution" market will trade without an entitlement to receive shares of our common stock in the Distribution. Therefore, if you sell shares of Illumina common stock in the "regular-way" market up to and including the Distribution Date, you will be selling your right to receive shares of our common stock in the Distribution. However, if you own shares of Illumina common stock at the close of business on the Record Date and sell those shares on the "ex-distribution" market up to and including the Distribution Date, you will still receive the shares of our common stock that you would otherwise be entitled to receive in the Distribution.

Following the Distribution Date, we expect shares of our common stock to be listed on Nasdaq under the ticker symbol "GRAL." If "when-issued" trading occurs, the listing for our common stock is expected to be under a ticker symbol different from our "regular-way" ticker symbol. We will announce our "when-issued" ticker symbol when and if it becomes available. If the Spin-Off does not occur, all "when-issued" trading will be null and void.

**Conditions to the Spin-Off**

We expect that the separation will be effective on the Distribution Date, provided that the following conditions shall have been satisfied or waived by Illumina:

- the Illumina Board shall have authorized and approved the Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of our common stock to Illumina stockholders;
- the ancillary agreements contemplated by the Separation and Distribution Agreement shall have been executed by each party to those agreements;
- our common stock shall have been accepted for listing on Nasdaq or another national securities exchange approved by Illumina, subject to official notice of issuance;
- the SEC shall have declared effective our Registration Statement on Form 10, of which this Information Statement is a part, under the Securities Exchange Act of 1934, and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;
- the continuing effectiveness and validity of Illumina's private letter ruling and the receipt and continuing effectiveness and validity of a favorable written opinion of Cravath, Swaine & Moore LLP each substantially to the effect that, subject to limitations specified therein and the accuracy of and compliance with certain representations, warranties, and covenants, the Spin-Off will qualify for non-recognition of gain and loss under Sections 355 and 368 of the Code;

- no law issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution shall be in effect, and no other event outside the control of Illumina shall have occurred or failed to occur that prevents the consummation of the Distribution;
- no other events or developments shall have occurred prior to the Distribution Date that, in the judgment of the Illumina Board, would make it inadvisable to effect the Distribution or would result in the Distribution not being in the best interests of Illumina or its stockholders;
- prior to the Distribution Date, notice of Internet availability of this Information Statement or this Information Statement shall have been mailed to the holders of Illumina common stock as of the Record Date;
- Illumina shall have duly elected the individuals to be listed as members of our post-Distribution Board in this Information Statement, and such individuals shall be the members of our Board of Directors (the "Board"), immediately after the Distribution; and
- immediately prior to the Distribution Date, our Certificate of Conversion, Certificate of Incorporation, and Bylaws, each in substantially the form filed as an exhibit to the Registration Statement on Form 10, of which this Information Statement is a part, shall be in effect.

The fulfillment of the above conditions will not create any obligation on Illumina's part to complete the Spin-Off. If the Illumina Board waives any condition prior to the effectiveness of the Registration Statement on Form 10, of which this Information Statement is a part, and the result of such waiver is material to Illumina stockholders, Illumina will file an amendment to the Registration Statement to revise the disclosure in this Information Statement accordingly. In the event that the Illumina Board waives a condition after the Registration Statement on Form 10, of which this Information Statement is a part, becomes effective and such waiver is material to Illumina stockholders, Illumina will communicate such change to Illumina stockholders by filing a Current Report on Form 8-K describing the change.

In addition, Illumina has the right not to complete the Spin-Off if, at any time, the Illumina Board determines, in its sole and absolute discretion, subject to the terms of the Separation and Distribution Agreement, that the Spin-Off is not in the best interests of Illumina or its stockholders, or is otherwise not advisable. If the Spin-Off is not completed for any reason, Illumina and GRAIL will have incurred significant costs related to the Spin-Off, including fees for consultants, financial and legal advisors, accountants and auditors, that will not be recouped. If the Spin-Off is not completed for any reason, the one-time transaction costs will generally be limited to the transaction costs incurred for services rendered as of the date the Spin-Off is abandoned, which will be less than the range noted above. Our and Illumina's management will also have devoted significant time to manage the Spin-Off process, which will decrease the time they will have to manage their respective businesses.

**Reasons for Furnishing This Information Statement**

We are furnishing this Information Statement solely to provide information to Illumina's stockholders who will receive shares of our common stock in the Distribution. Illumina's stockholders are not required to vote on the Distribution. Therefore, you are not being asked for a proxy and you are not required to send a proxy to Illumina. You do not need to pay any consideration, exchange or surrender your existing shares of Illumina common stock, or take any other action to receive the shares of our common stock to which you are entitled in the Spin-Off. You should not construe this Information Statement as an inducement or encouragement to buy, hold, or sell any of our securities or any securities of Illumina. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and neither we nor Illumina undertake any obligation to update the information except in the normal course of our and Illumina's public disclosure obligations and practices.

## DIVIDEND POLICY

We do not anticipate paying any cash dividends in the foreseeable future. We currently anticipate that we will retain all available funds for use in the operation and expansion of our business. Any future determination to pay dividends on our common stock will be made at the discretion of our Board and will depend upon, among other factors, our financial condition, results from operations, current and anticipated cash needs, plans for expansion, and other factors that our Board may deem relevant. We cannot assure you that we will pay a dividend in the future or continue to pay any dividend if we do commence paying dividends. See also “Risk Factors—Risks Relating to Our Common Stock—We do not expect to pay any dividends for the foreseeable future” beginning on page 97 of this Information Statement.

## CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of GRAIL as of March 31, 2024:

- on an actual basis; and
- on a pro forma basis to give effect to our conversion from a limited liability company to a corporation, the post-Spin-Off disposal funding being provided to GRAIL by Illumina in accordance with the terms of the Separation and Distribution Agreement, the Distribution, and other related transactions, as if they occurred on March 31, 2024.

The information below is not necessarily indicative of what our capitalization would have been had the conversion to a corporation, the Distribution, and other related transactions been completed as of March 31, 2024. In addition, it is not indicative of our future capitalization and may not reflect the capitalization or financial condition that would have resulted had we operated as an independent, publicly traded company as of the applicable dates presented. You should review this information in conjunction with the sections entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 119 and 186 of this Information Statement, respectively, and our Consolidated Financial Statements and accompanying notes beginning on page F-1 of this Information Statement.

| | As of March 31, 2024 | |
|---|---|---|
| | Actual | Pro Forma |
| | (in thousands, except share and per share data) | |
| Cash and cash equivalents | $ 199,723 | $ 974,100 |
| Member's equity | $ 11,733,616 | $ — |
| Accumulated other comprehensive income | 1,014 | — |
| Accumulated deficit | (7,995,239) | — |
| Total member's equity | $ 3,739,391 | $ — |
| Stockholders' equity: | | |
| Common stock, $0.001 par value per share, no shares authorized, issued and outstanding, actual; 1,500,000,000 shares authorized, pro forma; 31,052,632 shares issued and outstanding, pro forma | — | 31 |
| Additional paid-in capital | — | 11,995,939 |
| Accumulated other comprehensive income | — | 1,014 |
| Accumulated deficit | — | (8,005,929) |
| Total stockholders' equity | $ — | $ 3,991,055 |
| Total capitalization | $ 3,739,391 | $ 3,991,055 |

## SELECTED HISTORICAL FINANCIAL DATA

The following tables present selected historical financial data as of and for each of the fiscal years ended December 31, 2023 and January 1, 2023 and for the periods from August 19, 2021 to January 2, 2022 and January 1, 2021 to August 18, 2021, as well as selected historical financial data as of and for each of the quarterly periods ended March 31, 2024 and March 31, 2023. We have derived our summary historical statements of operations data for the years ended December 31, 2023 and January 1, 2023 and for the periods from August 19, 2021 to January 2, 2022 and January 1, 2021 to August 18, 2021, and summary historical balance sheet data as of December 31, 2023 and January 1, 2023, as set forth below, from our audited historical consolidated financial statements and related notes included elsewhere in this Information Statement. We have derived our summary historical statements of operations data for the quarters ended March 31, 2024 and March 31, 2023, and summary historical balance sheet data as of March 31, 2024, as set forth below, from our unaudited historical condensed consolidated financial statements, which are included in this Information Statement. We collectively refer to our audited and unaudited financial statements as the "Consolidated Financial Statements."

The selected historical financial data presented below should be read in conjunction with our Consolidated Financial Statements and the accompanying notes thereto, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 186 of this Information Statement, and the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements" beginning on page 119 of this Information Statement. On August 18, 2021, we became a wholly owned subsidiary of Illumina. Although we were held and operated separately and independently from Illumina, the selected historical financial data does not necessarily reflect what our results of operations and financial position would have been if we had operated as an independent, publicly traded company during the periods presented. In addition, our historical financial data does not reflect changes that we expect to experience in the future as a result of our separation from Illumina, including changes, if any, in the financing of our business. Accordingly, the historical results should not be relied upon as an indicator of our future performance.

| | (Successor) | | | | | (Predecessor) |
|---|---|---|---|---|---|---|
| (in thousands) | Three Months Ended March 31, 2024 | Three Months Ended April 2, 2023 | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18, 2021 |
| | (unaudited) | | | | | |
| **Consolidated Statements of Operations Data:** | | | | | | |
| Screening revenue | $ 23,410 | $ 15,320 | $ 74,347 | $ 39,123 | $ 7,074 | $ 1,953 |
| Screening revenue—related parties | 129 | 252 | 652 | 694 | 381 | 46 |
| Development services revenue | 3,182 | 4,071 | 18,106 | 15,733 | 4,978 | 180 |
| Total revenue | 26,721 | 19,643 | 93,105 | 55,550 | 12,433 | 2,179 |
| Costs and operating expenses: | | | | | | |
| Cost of screening revenue (exclusive of amortization of intangible assets) | 10,990 | 8,846 | 39,284 | 27,998 | 4,664 | 4,965 |
| Cost of screening revenue—related parties | 2,732 | 1,579 | 8,682 | 4,142 | 662 | 227 |
| Cost of development services revenue | 1,391 | 1,336 | 6,623 | 5,741 | 624 | 261 |
| Cost of development services revenue—related parties | 45 | 24 | 238 | 227 | 133 | — |
| Cost of revenue—amortization of intangible assets | 33,472 | 33,472 | 133,889 | 133,889 | 44,630 | — |
| Research and development | 96,390 | 80,521 | 318,088 | 310,431 | 309,781 | 138,366 |

| (in thousands) | (Successor) Three Months Ended March 31, 2024 (unaudited) | Three Months Ended April 2, 2023 (unaudited) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | (Predecessor) January 1 to August 18, 2021 |
|---|---|---|---|---|---|---|
| Research and development—related parties | 5,235 | 5,352 | 20,657 | 19,145 | 1,475 | 10,590 |
| Sales and marketing | 46,819 | 45,835 | 162,292 | 122,328 | 100,512 | 24,814 |
| General and administrative | 57,018 | 46,658 | 200,062 | 173,494 | 478,071 | 160,140 |
| General and administrative—related parties | 51 | 51 | 206 | 614 | 35 | 4 |
| Goodwill and intangible impairment | — | — | 718,466 | 4,700,431 | — | — |
| Total costs and operating expenses | 254,143 | 223,674 | 1,608,487 | 5,498,440 | 940,587 | 339,367 |
| Loss from operations | (227,422) | (204,031) | (1,515,382) | (5,442,890) | (928,154) | (337,188) |
| Other income (expense): | | | | | | |
| Interest income | 2,901 | 2,227 | 7,954 | 1,740 | 19 | 313 |
| Other income (expense), net | 42 | 95 | (208) | (238) | (884) | 642 |
| Total other income (expense), net | 2,943 | 2,322 | 7,746 | 1,502 | (865) | 955 |
| Loss before income taxes | (224,479) | (201,709) | (1,507,636) | (5,441,388) | (929,019) | (336,233) |
| Benefit from income taxes | 5,565 | 8,043 | 41,951 | 42,290 | 17,477 | — |
| **Net loss** | **$ (218,914)** | **$ (193,666)** | **$ (1,465,685)** | **$ (5,399,098)** | **$ (911,542)** | **$ (336,233)** |

| (in thousands) | (Successor) March 31, 2024 (unaudited) | December 31, 2023 | January 1, 2023 |
|---|---|---|---|
| **Consolidated Balance Sheet Data:** | | | |
| Cash and cash equivalents | $ 199,723 | $ 97,287 | $ 241,596 |
| Total assets | $ 3,972,851 | $ 3,913,814 | $ 4,937,986 |
| Liabilities and member's equity: | | | |
| Total liabilities | $ 233,460 | $ 267,627 | $ 291,825 |
| Member's equity | 11,733,616 | 11,421,446 | 10,955,907 |
| Accumulated deficit | (7,995,239) | (7,776,325) | (6,310,640) |
| Total liabilities and member's equity | $ 3,972,851 | $ 3,913,814 | $ 4,937,986 |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Immediately prior to the completion of the Spin-Off, GRAIL will be converted into a Delaware corporation and will be renamed GRAIL, Inc. To effect the Spin-Off, Illumina will distribute at least 85.5% of the shares of GRAIL's common stock owned by Illumina to Illumina's stockholders, and GRAIL will become an independent, publicly traded company. Immediately after the Distribution becomes effective, Illumina may retain up to 14.5% of GRAIL's common stock.

The unaudited pro forma condensed consolidated financial statements of GRAIL have been derived from the historical consolidated financial statements of GRAIL, which we refer to as the "Consolidated Financial Statements," beginning on page F-1 of this Information Statement. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 have been prepared as though the Distribution occurred on January 2, 2023. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2024 has been prepared as though the Distribution occurred on March 31, 2024. The unaudited pro forma condensed consolidated financial statements were prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed consolidated financial statements have been prepared to reflect transaction accounting and autonomous entity adjustments to present the financial condition and results of operations as if GRAIL were a separate stand-alone entity. The unaudited pro forma condensed consolidated financial statements have been adjusted to give effect to the following:

- the anticipated post-Spin-Off structure whereby GRAIL, LLC will be converted from a limited liability company to a corporation, including the issuance of an estimated 31.1 million shares of common stock, where at least 85.5% of the outstanding shares will be distributed to holders of Illumina common stock in connection with the Spin-Off and Illumina will retain up to 14.5%;
- the post-Spin-Off disposal funding being provided to GRAIL by Illumina in accordance with the terms of the Separation and Distribution Agreement;
- the conversion of outstanding cash-based equity appreciation awards into GRAIL, Inc. restricted stock units in accordance with the terms of the Employee Matters Agreement;
- transaction and incremental costs expected to be incurred as an autonomous entity and specifically related to the Spin-Off; and
- the elimination of certain deferred tax assets, including U.S. net operating losses and tax credits, which will remain the assets of Illumina in accordance with the terms of the Tax Matters Agreement.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial position that would have been achieved had the Spin-Off occurred on January 2, 2023 or March 31, 2024, respectively, nor are they indicative of GRAIL's future operating results or financial position. The pro forma adjustments are based upon information and assumptions available at the time of the filing of this Information Statement as set forth in the notes to the unaudited pro forma condensed consolidated financial statements. The unaudited pro forma condensed consolidated financial statements have been prepared based upon preliminary estimates, therefore the impact of the Spin-Off and the timing thereof could cause material differences from the information presented herein.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with our Consolidated Financial Statements and accompanying notes beginning on page F-1 of this Information Statement and the sections entitled "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 116 and 186, respectively, of this Information Statement. The unaudited pro forma condensed consolidated financial statements are subject to certain risks and uncertainties. For more information, see the sections entitled "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" beginning on pages 101 and 31, respectively, of this Information Statement.

**GRAIL, LLC**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**
(in thousands, except share and per share data)

| | March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Historical | Transaction Accounting Adjustments | | Autonomous Entity Adjustments | Pro Forma |
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 199,723 | $ 774,377 | (a) | $ — | $ 974,100 |
| Accounts receivable, net | 14,972 | — | | — | 14,972 |
| Accounts receivable, net—related parties | 56 | — | | — | 56 |
| Supplies | 14,556 | — | | — | 14,556 |
| Supplies—related parties | 7,022 | — | | — | 7,022 |
| Prepaid expenses and other current assets | 22,112 | — | | — | 22,112 |
| Prepaid expenses and other current assets—related parties | 41 | | | | 41 |
| Total current assets | 258,482 | 774,377 | | — | 1,032,859 |
| Property and equipment, net | 78,059 | — | | — | 78,059 |
| Property and equipment, net—related parties | 3,330 | — | | — | 3,330 |
| Operating lease right-of-use assets | 79,361 | — | | — | 79,361 |
| Restricted cash | 3,918 | — | | — | 3,918 |
| Intangible assets, net | 2,652,639 | — | | — | 2,652,639 |
| Goodwill | 888,936 | — | | — | 888,936 |
| Other non-current assets | 8,126 | — | | — | 8,126 |
| **Total assets** | **$ 3,972,851** | **$ 774,377** | | **$ —** | **$ 4,747,228** |
| **Liabilities and equity** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 8,832 | $ — | | $ — | $ 8,832 |
| Accounts payable—related parties | 2,949 | — | | — | 2,949 |
| Accrued liabilities | 68,992 | 10,000 | (b) | — | 78,992 |
| Accrued liabilities—related parties | 338 | — | | — | 338 |
| Incentive plan liabilities | 40,595 | (40,595) | (c) | — | — |
| Operating lease liabilities, current portion | 13,981 | — | | — | 13,981 |
| Other current liabilities | 1,938 | — | | — | 1,938 |
| Total current liabilities | 137,625 | (30,595) | | — | 107,030 |
| Operating lease liabilities, net of current portion | 65,960 | — | | — | 65,960 |
| Deferred tax liability, net | 28,116 | 690 | (d) | — | 581,424 |
| | | 552,618 | (e) | — | |
| Other non-current liabilities | 1,759 | — | | — | 1,759 |
| Total liabilities | 233,460 | 522,713 | | — | 756,173 |
| Member's equity | 11,733,616 | (11,733,616) | (f) | — | — |
| Accumulated other comprehensive income | 1,014 | (1,014) | (f) | — | — |
| Accumulated deficit | (7,995,239) | 7,995,239 | (f) | — | — |
| Total member's equity | 3,739,391 | (3,739,391) | | — | — |
| Stockholders' equity: | | | | | |
| Common stock, $0.001 par value per share, no shares authorized, issued and outstanding, actual;1,500,000,000 shares authorized, pro forma; 31,052,632 shares issued and outstanding, pro forma | — | 31 | (f) | — | 31 |
| Additional paid-in capital | — | 774,377 | (a) | — | 11,995,939 |
| | | 40,595 | (c) | — | |
| | | (552,618) | (e) | — | |
| | | 11,733,616 | (f) | — | |
| | | (31) | (f) | — | |
| Accumulated other comprehensive income | — | 1,014 | (f) | — | 1,014 |
| Accumulated deficit | — | (10,000) | (b) | — | (8,005,929) |
| | | (690) | (d) | — | |
| | | (7,995,239) | (f) | — | |
| Total stockholders' equity | — | 3,991,055 | | — | 3,991,055 |
| **Total liabilities and equity** | **$ 3,972,851** | **$ 774,377** | | **$ —** | **$ 4,747,228** |

**See accompanying notes to unaudited pro forma condensed consolidated financial statements.**

**GRAIL, LLC**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**
(in thousands, except share and per share data)

| | For the Three Months Ended March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Historical | Transaction Accounting Adjustments | | Autonomous Entity Adjustments | | Pro Forma |
| Revenue: | | | | | | |
| Screening revenue | $ 23,410 | $ — | | $ — | | $ 23,410 |
| Screening revenue—related parties | 129 | — | | — | | 129 |
| Development services revenue | 3,182 | — | | — | | 3,182 |
| Total revenue | $ 26,721 | $ — | | $ — | | $ 26,721 |
| Costs and operating expenses: | | | | | | |
| Cost of screening revenue (exclusive of amortization of acquired intangible assets) | 10,990 | — | | — | | 10,990 |
| Cost of screening revenue—related parties | 2,732 | — | | — | | 2,732 |
| Cost of development services revenue | 1,391 | — | | — | | 1,391 |
| Cost of development services revenue—related parties | 45 | — | | — | | 45 |
| Cost of revenue—amortization of intangible assets | 33,472 | — | | — | | 33,472 |
| Research and development | 96,390 | — | | — | | 96,390 |
| Research and development—related parties | 5,235 | — | | — | | 5,235 |
| Sales and marketing | 46,819 | — | | — | | 46,819 |
| General and administrative | 57,018 | — | | 845 | (aa) | 57,863 |
| General and administrative—related parties | 51 | — | | — | | 51 |
| Total costs and operating expenses | 254,143 | — | | 845 | | 254,988 |
| Loss from operations | (227,422) | — | | (845) | | (228,267) |
| Other income: | | | | — | | |
| Interest income | 2,901 | — | | — | | 2,901 |
| Other income, net | 42 | — | | — | | 42 |
| Total other income, net | 2,943 | — | | — | | 2,943 |
| Loss before income taxes | (224,479) | — | | (845) | | (225,324) |
| Benefit from income taxes | 5,565 | 53,193 | (e) | 211 | (bb) | 58,969 |
| **Net loss** | **$(218,914)** | **$ 53,193** | | **$ (634)** | | **$ (166,355)** |
| Net loss per share: | | | | | | |
| Basic | | | | | | $ (5.36) |
| Diluted | | | | | | $ (5.36) |
| Average common stock and common stock equivalent shares outstanding | | | | | | |
| Basic | | | | | | 31,052,632 (f) |
| Diluted | | | | | | 31,052,632 (f) |

**See accompanying notes to unaudited pro forma condensed consolidated financial statements.**

**GRAIL, LLC**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**
(in thousands, except share and per share data)

| | For the Year Ended December 31, 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Historical | Transaction Accounting Adjustments | | Autonomous Entity Adjustments | | Pro Forma | | |
| Revenue: | | | | | | | | |
| Screening revenue | $ 74,347 | $ — | | $ — | | $ 74,347 | | |
| Screening revenue—related parties | 652 | — | | — | | 652 | | |
| Development services revenue | 18,106 | — | | — | | 18,106 | | |
| Total revenue | $ 93,105 | $ — | | $ — | | $ 93,105 | | |
| Costs and operating expenses: | | | | | | | | |
| Cost of screening revenue (exclusive of amortization of acquired intangible assets) | 39,284 | — | | — | | 39,284 | | |
| Cost of screening revenue—related parties | 8,682 | — | | — | | 8,682 | | |
| Cost of development services revenue | 6,623 | — | | — | | 6,623 | | |
| Cost of development services revenue—related parties | 238 | — | | — | | 238 | | |
| Cost of revenue—amortization of intangible assets | 133,889 | — | | — | | 133,889 | | |
| Research and development | 318,088 | — | | — | | 318,088 | | |
| Research and development—related parties | 20,657 | — | | — | | 20,657 | | |
| Sales and marketing | 162,292 | — | | — | | 162,292 | | |
| General and administrative | 200,062 | 10,000 | (b) | 3,379 | (aa) | 213,441 | | |
| General and administrative—related parties | 206 | — | | — | | 206 | | |
| Goodwill and intangible impairment | 718,466 | — | | — | | 718,466 | | |
| Total costs and operating expenses | 1,608,487 | 10,000 | | 3,379 | | 1,621,866 | | |
| Loss from operations | (1,515,382) | (10,000) | | (3,379) | | (1,528,761) | | |
| Other income (expense): | | | | | | | | |
| Interest income | 7,954 | — | | — | | 7,954 | | |
| Other income (expense), net | (208) | — | | — | | (208) | | |
| Total other income (expense), net | 7,746 | — | | — | | 7,746 | | |
| Loss before income taxes | (1,507,636) | (10,000) | | (3,379) | | (1,521,015) | | |
| Benefit from income taxes | 41,951 | — | (d) | 845 | (bb) | 224,829 | | |
| | | 182,033 | (e) | — | | | | |
| **Net loss** | **$ (1,465,685)** | **$ 172,033** | | **$ (2,534)** | | **$ (1,296,186)** | | |
| Net loss per share: | | | | | | | | |
| Basic | | | | | | $ (41.74) | | |
| Diluted | | | | | | $ (41.74) | | |
| Average common stock and common stock equivalent shares outstanding | | | | | | | | |
| Basic | | | | | | 31,052,632 | (f) | |
| Diluted | | | | | | 31,052,632 | (f) | |

**See accompanying notes to unaudited pro forma condensed consolidated financial statements.**

## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated balance sheet as of March 31, 2024, and unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023, include the following adjustments:

**Transaction Accounting Adjustments**

(a) Reflects the one-time disposal funding to be provided by Illumina to GRAIL in accordance with the Separation and Distribution Agreement. The $974.1 million in disposal funding is calculated assuming that the Spin-Off will be completed on June 24, 2024 and then is netted against the cash and cash equivalents held by GRAIL as of March 31, 2024 in the unaudited pro forma condensed consolidated balance sheet to arrive at a total pro forma cash and cash equivalents balance of $974.1 million. The actual disposal funding will increase or decrease by approximately $5.0 million per week, determined on a straight-line basis, if the Distribution Date is earlier or later than June 24, 2024 and will be netted against cash and cash equivalents held by GRAIL as of the Distribution Date. For example, assuming a June 24, 2024 Distribution Date, if cash and cash equivalents held by GRAIL as of the Distribution Date were $100.0 million, the $974.1 million in disposal funding would be netted against the $100.0 million. We have assumed that no equity distributions, repurchases, or GRAIL Change of Control occur during the Restricted Period that would require clawback pursuant to the Separation and Distribution Agreement.

(b) Reflects the estimated non-recurring transaction costs expected to be incurred in connection with the Spin-Off.

(c) Reflects the one-time reclassification from incentive plan liabilities to additional paid-in capital upon conversion of outstanding cash-based equity appreciation awards into GRAIL, Inc. restricted stock units in accordance with the Employee Matters Agreement.

Under the terms of the Employee Matters Agreement, there may be modifications to existing awards granted pursuant to the incentive plan. Certain assumptions impacting the modified awards are currently unknown until completion of the Spin-Off and such changes to stock-based compensation expense cannot be predicted at this time. Key assumptions that could impact the fair value upon modification of the incentive plan awards that are currently not quantifiable include GRAIL's average market capitalization post-Spin-Off determined by reference to the volume weighted average per share price of GRAIL stock for the four trading days immediately following the Distribution Date that could either increase or decrease stock-based compensation expense in future reporting periods. Accordingly, we are not able to estimate or reflect pro forma adjustments to stock-based compensation expense in the unaudited pro forma condensed consolidated statements of operations.

(d) Reflects the tax effects of the non-recurring transaction accounting adjustments at the applicable statutory tax rates. The applicable tax rates assumed for purposes of preparing the unaudited pro forma financial statements may be materially different than the effective tax rate subsequent to the Spin-Off depending on many factors, including profitability in local jurisdictions, book-to-tax differences, and the determination of valuation allowances against certain deferred tax assets.

(e) Reflects the one-time expected tax effects of the Separation and Distribution Agreement and Tax Matters Agreement whereby certain deferred tax assets, including U.S. net operating losses and tax credits, will remain the assets of Illumina. The applicable tax rates assumed for purposes of preparing the unaudited pro forma financial statements may be materially different than the effective tax rate subsequent to the Spin-Off depending on many factors, including profitability in local jurisdictions, book-to-tax differences, and the determination of valuation allowances against certain deferred tax assets.

(f) Reflects the one-time reclassification of Illumina's net investment in GRAIL to additional paid-in capital, as well as the issuance of 31.1 million shares of GRAIL common stock with a par value of $0.001 per share pursuant to the Separation and Distribution Agreement. We have assumed the number of outstanding shares of GRAIL common stock based on 159.3 million shares of Illumina common stock outstanding as of April 26, 2024, and assumed a distribution of at least 85.5% of the outstanding shares of GRAIL common stock to Illumina's stockholders, on the basis of one share of GRAIL common stock for every six shares of Illumina common stock. The actual number of shares issued will not be known until the record date for the distribution. We expect up to 14.5% of GRAIL common stock to be owned by Illumina at the time of the Spin-Off.

The number of shares used to compute pro forma basic and diluted net loss per share is based on the number of shares of GRAIL common stock assumed to be issued and outstanding immediately after the Spin-Off. The calculation does not consider the conversion of outstanding cash-based equity appreciation awards into GRAIL, Inc. restricted stock units in accordance with the terms of the Employee Matters Agreement, the effect of which would be antidilutive given GRAIL has historically operated at a loss.

**Autonomous Entity Adjustments**

(aa) Reflects the estimated expenses for recurring director and officer liability insurance premiums related to operating as an autonomous entity and specifically related to the Spin-Off.

(bb) Reflects the tax effects of the autonomous entity pro forma adjustments at the applicable statutory tax rates. The applicable tax rates assumed for purposes of preparing the unaudited pro forma financial statements may be materially different than the effective tax rate subsequent to the Spin-Off depending on many factors, including profitability in local jurisdictions, book-to-tax differences, and the determination of valuation allowances against certain deferred tax assets.

# BUSINESS

## Our Company

***Our mission is to detect cancer early, when it can be cured.***

We are an innovative commercial-stage healthcare company focused on saving lives and shifting the paradigm in early cancer detection. We believe screening individuals for many types of cancer with a single test represents a significant opportunity to reduce the global burden of cancer. Our Galleri test is a commercially available screening test for early detection of multiple types of cancer, which we termed multi-cancer early detection ("MCED"). We believe Galleri is clinically validated based on the results of its clinical studies completed to date, including the results of its foundational case-control Circulating Cell-free Genome Atlas ("CCGA") study and interventional PATHFINDER study which together enrolled more than 21,000 participants. In these studies, Galleri demonstrated an ability to detect a shared cancer signal across more than 50 types of cancer, accurately predict the specific organ or tissue type where the cancer signal originated, and yield high positive predictive values and low false positive rates, all from a simple blood draw. See "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri results can help guide next steps for a diagnosis of cancer by healthcare providers in required follow-up diagnostic testing. Galleri is not a diagnostic test and has not been approved or cleared by the FDA. We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships, including leading healthcare systems, employers, payors, and life insurance providers. Commercial use of Galleri has detected some of the most aggressive cancers in early stages including, among others, endometrial, esophageal, gastrointestinal stromal, head and neck, liver, pancreatic, and rectal cancers.

Cancer is a major public health crisis. It is the second leading cause of death both in the United States and worldwide. Most cancers that result in death are diagnosed too late, in advanced stages when they are most challenging to treat. We estimate that more than 60% of cancer deaths result from cancers that have no recommended screening guidelines. In the United States, we consider standard of care screening for cancer to consist of the grade A and B recommendations published by the United States Preventive Services Task Force ("USPSTF"), which currently recommend broad population screening for only four types of cancer using single-cancer screening tests (breast, cervical, colorectal, and lung cancer), and prostate cancer screening, which is USPSTF grade C and is widely implemented in the United States. Grade A and B recommendations are services that USPSTF most highly recommends for preventative care and that have a high or moderate net benefit for patients. Grade C recommendations are services that USPSTF recommends selectively offering or providing to patients based on individual circumstances and that have a moderate certainty of a small net benefit for patients. According to data in the American Cancer Society's *Cancer Facts & Figures 2024*, cancers for which there are grade A and B recommendations published by the USPSTF (breast, cervical, colorectal, and lung cancer) are expected to result in approximately 225,000 deaths out of approximately 612,000 cancer-related deaths in the United States in 2024, and prostate cancer is expected to resulted in approximately 35,000 additional deaths. We believe that expanding upon these current guidelines to screen individuals for many types of cancer with a single test represents a significant opportunity to reduce cancer mortality and the cost of cancer care. In 2021, we published modeling data in *Cancer Epidemiology, Biomarkers & Prevention* (Cancer Epidemiol Biomarkers Prev. 2021; 30:460–8) that estimated the potential impact of MCED testing on mortality reduction based on test performance in our CCGA-2 study and using 2006 to 2015 data from the Surveillance, Epidemiology, and End Results Program of the U.S. National Cancer Institute ("SEER") for ages 50-79. Based on this model, we estimate that by adding Galleri to the five standard of care single-cancer screening tests (breast, cervical, colorectal, lung cancer, and prostate), there is potential to detect many more cancers at an earlier stage, which could translate into the potential to avert approximately 100,000 deaths per year in the United States as measured by five-year survival. We believe this model provides helpful context regarding the potential benefits of screening for multiple cancers at once with a singular screening test, like Galleri, in addition to the five standard of care single-cancer screening tests; however, there can be no assurance when or even if Galleri will be added to the USPSTF guidelines or standard of care screening. In addition, an analysis published in *Data* (Data. 2017; 2(30):2–16) estimated that diagnosing cancer early could result in $26 billion in annual cost-savings in the United States.

We designed Galleri to detect cancer early. If cancer is detected early, it is more amenable to curative treatment. According to the American Cancer Society, the ability to cure cancer depends on the type and stage of cancer, the type of treatment the patient receives, and other factors. While there is not one cure for cancer and not all cancers may be cured, according to the World Health Organization many cancers can be cured if detected early and treated effectively and some of the most common cancer types, such as breast cancer, cervical cancer, oral cancer, and colorectal cancer, have high cure probabilities when detected early and treated according to best practices. Galleri works by detecting DNA fragments shed into the bloodstream by tumor cells. In cancerous cells, methylation, a natural biological process that determines which sections of DNA to turn on or off and that drives tissue differentiation, becomes abnormal. As a result, DNA from cancer has specific methylation patterns that can be used to both identify a general cancer signal and localize that signal to a specific organ or tissue type. In our CCGA study, Galleri identified a shared cancer signal across more than 50 types of cancer, often at an early stage. If a cancer signal is detected, Galleri can accurately predict the tissue type or organ associated with the cancer signal (the cancer signal origin). In our PATHFINDER study, Galleri correctly predicted the first or second cancer signal origins in 22 of 25 participants with a cancer diagnosis following a cancer signal detected (positive) test result (*i.e.*, participants with true positive test results), demonstrating a high cancer signal origin prediction accuracy of 88%. For additional information, see "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri's screening test results can be used by healthcare providers to guide required follow-up diagnostic testing for a diagnosis of cancer.

As an early proponent of MCED testing, we have established strong relationships within the cancer and primary care community, including through partnerships with academic and community medical centers, key opinion leaders, and governmental policy and advocacy partners. We have shared evidence supporting our MCED testing at renowned medical conferences, such as the American Association of Cancer Research ("AACR"), American Society of Clinical Oncology ("ASCO"), European Society of Medical Oncology ("ESMO"), and American Academy of Family Physicians ("AAFP"). We have also published results from our studies in leading scientific and medical journals, including *The Lancet*, *Nature*, *Nature Medicine*, *Cancer Cell*, and *The Lancet Oncology*. Our industry leadership has been recognized with multiple national high-profile accolades, including being acknowledged by *Time Magazine* as one of the Best Inventions of 2022, and *The Atlantic* as one of the top breakthroughs of 2022 and being named in *Fast Company* World Changing Ideas of 2022 and in the *Fortune* Change the World List in 2023.

We plan to pursue FDA approval to support broad access for Galleri in the United States, we plan to complete a premarket approval application ("PMA") submission with the FDA in the first half of 2026. We seek to use data from the NHS-Galleri Trial, together with data from our PATHFINDER 2 study, as well as supplemental data from other clinical studies, to support our planned PMA submission for Galleri in the United States. We believe that FDA approval could unlock broad coverage by large commercial payors in the United States. We have established private reimbursement for Galleri from a number of third-party payors in the United States, but do not currently have broader coverage and reimbursement by government healthcare programs, such as Medicare. We are working with stakeholders to advance and shape the public reimbursement landscape in the United States to enable coverage of FDA-approved MCED tests by Medicare. Galleri has not been approved or cleared by the FDA and obtaining PMA approval can take several years from the time an application is submitted, if at all. Moreover, the FDA requirements that will govern MCED tests, as well as the breadth and nature of data we must provide the FDA to support the proposed intended use, may be subject to change, and as such it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use. Following FDA approval, we also expect to pursue inclusion of Galleri in the USPSTF's guideline recommendation, although such inclusion is not certain even with FDA approval. In the United Kingdom, we are working with NHS England to complete our NHS-Galleri Trial. The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. We believe our work with the NHS and the data generated from our NHS-Galleri Trial could facilitate adoption in other single-payor systems around the world and support evidence of clinical utility worldwide.

Since our founding, we have undertaken a rigorous approach to identify in a blood sample the most informative markers of cancer through what we believe is the largest clinical program in genomic medicine to date. We are

collecting population-scale clinical data from more than 385,000 participants across nine clinical studies, with more than 21,000 of these participants included in the studies that supported the development and launch of Galleri, and over 170,000 individuals enrolled and an additional approximately 55,000 anticipated to be enrolled in interventional studies (NHS-Galleri and PATHFINDER 2, which support our PMA submission, and the first-of-its kind Galleri-Medicare real-world study). These studies include our foundational case-control CCGA study to develop and validate our MCED technology, multiple large-scale observational studies in asymptomatic individuals, and multiple large-scale interventional studies in intended use populations. Our interventional studies include our NHS-Galleri Trial, which is the first and largest randomized controlled trial of an MCED test, and which enrolled more than 140,000 individuals in just over 10 months. These studies also include our initiation of the Real-world Evidence to Advance multi-Cancer early detection Health equity ("REACH") interventional study. This first-of-its kind real-world "Galleri-Medicare" study will further evaluate the clinical impact of the Galleri multi-cancer early detection test among Medicare beneficiaries, including racial and ethnic minorities, and seniors from historically underserved communities. Through these studies and our ongoing collection of real-world data, we have built what we believe is an unprecedented longitudinal dataset of high quality, linked clinical and genomic data. We believe our clinical studies, including our early discovery work, have demonstrated robust and reproducible test performance. Notably, data from our interventional PATHFINDER study, including PPV, cancer signal original prediction accuracy, and specificity, were generally consistent with data from our case-control CCGA study, which is evidence supporting the generalizability and robustness of Galleri in an interventional study involving analysis of returned Galleri results on clinical diagnostic and care pathways, outside of the foundational case-control context. Specifically the 43% positive predictive value ("PPV") achieved in the study is similar to our previously published modeled PPV of 44% based on test performance in our CCGA study extrapolated to a potential representative population aged 50-79 based on 2016 to 2017 SEER data. We extrapolated the CCGA-based modeled PPV to a representative population due to the limitations of measuring PPV in a case controlled study with enrichment of cancer cases in the sample set, whereas the PATHFINDER study was performed in an intended use population and PPV was measured directly. We expect to continue to report ongoing and long-term follow-up clinical data from these studies over many years.

Based on our extensive discovery work, we believe that targeted methylation is the best approach for detecting a cancer signal and identifying a cancer signal origin. In our head-to-head analyses we compared multiple different classifiers that were trained to detect a cancer signal and predict the cancer signal origin, and which were independently validated. We found that interrogating methylation patterns yielded significantly better results for cancer detection (based on sensitivity, cancer signal origin prediction accuracy, and clinical limit of detection (a measure of the how much signal must exist in order to be detected)) than was observed by interrogating mutations (changes in a DNA sequence), chromosomal alterations (changes to the structure or number of chromosomes, which are strands of genetic material), fragment lengths (differences in length of DNA fragments), and other genomic features, either alone or in combination. In contrast to well-established cancer mutations that only affect a handful of genomic locations, there are nearly 30 million methylation sites across the human genome, making them a ubiquitous and rich signal for cancer detection. After comprehensive analysis of whole-genome methylation patterns in connection with our CCGA study, we discovered highly informative and low-noise methylation sites for cancer signal and cancer signal origin detection. Highly informative sites are likely to have abnormal methylation patterns resulting from cancer, and low-noise sites are less likely to be subject to confounding signals from biological noise resulting from confounding conditions (such as aging, inflammatory conditions) and circulating DNA from non-cancerous cells. This discovery led to our development of a targeted methylation approach, which entails interrogating specific methylation sites within a genome to assess methylation patterns and which serves as the technological basis for our Galleri test. Our targeted methylation approach can detect lower levels of cancer signal in blood compared to other approaches we examined, enabling early cancer detection in asymptomatic individuals more efficiently compared to whole-genome methylation. For additional information, see "— Methylation Technology Platform."

Our proprietary targeted methylation platform, as well as our growing body of clinical and real-world data, have provided us with unique insights into cancer biology that enable development of products beyond asymptomatic screening. We are leveraging our proprietary platform for additional applications, including:

- *Precision oncology portfolio*: We are developing our precision oncology portfolio and launched our research use only ("RUO") targeted methylation platform with customizable classifiers in 2023. We

have partnered with a number of leading oncology therapeutics companies to test applications of biomarkers with the goal of optimizing the use of therapeutic interventions. Some of our partnerships also include development of customized applications to support clinical studies and companion diagnostic development and commercialization. Potential applications for our technology in a precision oncology setting include pre-treatment prognosis, post-treatment prognosis or minimal residual disease ("MRD"), biomarker discovery, recurrence, and clinical monitoring. We believe the research and clinical development settings represent significant opportunities with biopharmaceutical companies given the large number of ongoing oncology studies and the significant need to identify residual disease or recurrence early and help inform treatment decisions. In addition to companion diagnostic opportunities, we believe that our methylation platform could enable standalone clinical products to support patient care across the cancer care continuum.

- *Diagnostic aid for cancer test*: We are developing our diagnostic aid for cancer ("DAC") test to accelerate diagnostic resolution for patients with non-specific signs and symptoms, but with a clinical suspicion of cancer. Through a simple blood test, DAC is designed to provide physicians with a powerful decision-making tool to aid diagnosis, achieve resolution more quickly, and avoid unnecessary workups. Symptomatic detection of cancer is a significant unmet need; we estimate that approximately 16 million patients in the United States present with non-specific signs and symptoms each year. Data from our SYMPLIFY study published in *The Lancet Oncology* showed that, in a symptomatic patient population, our methylation technology was able to detect many cancer types and accurately identify where they were located in the body. In our SYMPLIFY study, our technology correctly predicted the first or second cancer signal origins in 214 of 237 participants with a cancer diagnosis following a cancer signal detected (positive) test result (*i.e.*, participants with true positive test results), demonstrating a high cancer signal origin prediction accuracy of 90%. Product development efforts are ongoing, and we currently consider the launch of our DAC test as a medium- to longer-term objective over approximately the next three to five years, subject to a number of factors, including determining the requirements for reimbursement in the United States.

We believe these products and other future products in development have the potential to reach additional customers and may result in additional patient care solutions across the cancer care continuum.

**Our Strengths**

We believe our continued growth will be driven by the following strengths:

- **Our clinically-validated, commercially available, MCED screening test, Galleri.** Galleri is a commercially available, MCED screening test that is setting the standard for multi-cancer early detection. While Galleri has not been approved or cleared by the FDA, we believe Galleri is clinically validated as a screening test based on the results of our clinical studies completed to date. From a simple blood draw, Galleri can detect a cancer signal shared by over 50 types of cancer, over 45 of which do not have recommended screening guidelines. We believe Galleri enables the early detection of cancer in asymptomatic individuals by screening for multiple types of cancer, and in clinical trials Galleri has demonstrated a high PPV and a low false positive rate, and an ability to predict the location of the suspected cancer with high accuracy (88%). See "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri screening test results can help guide next steps for a diagnosis of cancer by healthcare providers in required follow-up diagnostic testing. Further, as Galleri relies on a blood draw, the test can be integrated into existing care pathways, such as annual health checks, which can enable wide-scale implementation and increase access to cancer screening, thus helping to address well-known disparities in cancer care. Our industry leadership in MCED testing has been recognized with multiple national high profile accolades, including being acknowledged by *Time Magazine* as one of the Best Inventions of 2022, and *The Atlantic* as one of the top breakthroughs of 2022 and being named in *Fast Company* World Changing Ideas of 2022 and in the *Fortune* Change the World List in 2023.

- **Our established commercial leadership is driving the development of a significant market.** The commercial opportunity for Galleri is significant, with more than 300 million individuals globally over the age of 50 (our intended use population), including more than 100 million individuals in the United States. We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships, including leading healthcare systems, employers, payors, and life insurance providers. In this real-world setting, Galleri is detecting deadly cancers in early stages. As an early proponent of MCED testing, we have established strong relationships within the cancer and primary care community, including through partnerships with academic and community medical centers, key opinion leaders, and governmental policy and advocacy partners. Our partnership with the NHS presents an opportunity to drive further adoption of Galleri, including by payors and health systems around the world. The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. Our commercial leadership is further supported by our high-capacity laboratories to enable population screening volumes.
- **Unprecedented clinical studies and real-world experience.** We designed and executed what we believe is the largest clinical program in genomic medicine to date. We are collecting population-scale clinical data from more than 385,000 participants across nine clinical studies, with more than 21,000 of these participants included in the studies that supported the development and launch of Galleri, and over 170,000 individuals enrolled and an additional approximately 55,000 anticipated to be enrolled in interventional studies (NHS-Galleri and PATHFINDER 2, which support our PMA submission, and the first-of-its kind Galleri-Medicare real-world study). These studies include our foundational case-control CCGA study to develop and validate our MCED technology, multiple large-scale observational studies in asymptomatic individuals, and multiple large-scale interventional studies. Our interventional studies include our NHS-Galleri Trial, which is the first and largest randomized controlled trial of an MCED test, and which enrolled more than 140,000 individuals in just over 10 months. Through these studies and our ongoing collection of real-world data, we have built what we believe is an unprecedented longitudinal dataset of high quality, linked clinical and genomic data. We believe our clinical studies, including our early discovery work, have demonstrated robust and reproducible test performance. Notably, data from our interventional PATHFINDER study, including PPV, cancer signal original prediction accuracy, and specificity, were generally consistent with data from our case-control CCGA study, which is evidence supporting the generalizability and robustness of Galleri in an interventional study involving analysis of returned Galleri results on clinical diagnostic and care pathways, outside of the foundational case-control context. Together with our partners at leading community and academic medical centers in the United States and United Kingdom, we expect to continue to report ongoing and long-term follow-up clinical data from these studies over many years.
- **Our highly-differentiated methylation platform, which enables product opportunities across the cancer care continuum.** We have taken a scientifically rigorous approach to develop a deep and comprehensive understanding of cancer biology. We built an atlas to characterize the landscape of cell-free nucleic acids (“cfDNA”) across a broad and diverse population and in individuals with and without cancer. We then used this atlas and other data to train our machine learning algorithms to recognize methylation patterns indicative of cancer and accurately predict the cancer signal origin. These efforts supported the development of our proprietary methylation platform on which Galleri is based, and which we will continue to leverage to advance a number of clinical applications across the cancer care continuum. For example, we developed and launched our post-diagnosis RUO offering and are working closely with biopharmaceutical companies to develop products and services to optimize treatment once a cancer has been diagnosed. Potential applications for our technology in a post-diagnosis setting include pre-treatment prognosis, post-treatment prognosis or MRD, biomarker discovery, detection of recurrence, and clinical monitoring. We are also developing our DAC test to enable faster diagnosis and care for patients presenting with non-specific symptoms that are suspicious for cancer.

- **Our intellectual property portfolio.** We own or license exclusive worldwide commercial rights to intellectual property covering Galleri and our products in development. Specifically, as of March 31, 2024, we have exclusive licenses to approximately 530 granted patents globally, and own or co-own more than 130 issued patents, with more than 850 pending patent applications (licensed, owned, or co-owned) covering methylation and other technologies. In addition, our patents, trade secrets, and know-how provide broad intellectual property coverage for our products, including chemistry, bioinformatics, and machine learning algorithms used in Galleri and our product development pipeline. Our exclusively licensed patents will begin to expire in 2027. Our owned or co-owned patents will begin to expire in 2037.
- **Our highly experienced and multidisciplinary team.** Since our founding, we have built an entrepreneurial culture driven to improve outcomes for cancer patients. We are led by a multidisciplinary team with extensive experience across biotechnology, life sciences, public health, genomics, computer science, data science, biostatistics, clinical development, medical affairs, government and regulatory affairs, quality assurance, and laboratory and commercial operations. We believe this confluence of talent from multiple disciplines has enabled us to make significant progress in improving cancer care and will enable us to remain at the forefront of our industry.

**Our Strategy**

Key elements of our strategy include:

- **Establishing Galleri as the population multi-cancer screening standard and extending commercial leadership in large global markets.** We believe we have an unprecedented opportunity to establish a new standard of care by adding Galleri to existing single-cancer screenings, and establish and maintain the market-leading position in cancer detection. The commercial opportunity for Galleri is significant, with more than 300 million individuals globally over the age of 50, including over 100 million individuals in the United States. Our goal is to address cancer screening globally, beginning in large markets with established health systems, such as the United States and United Kingdom, and thereafter extending to other markets. We will continue to engage with key opinion leaders, healthcare providers, advocacy organizations, regulators, and payors to help drive broader scientific and commercial endorsement worldwide. In addition, we believe Galleri's performance will drive clinical outcomes and high patient and provider satisfaction that will lead to further awareness and adoption.
- **Expanding access to our products by pursuing FDA approval and reimbursement and coverage from payors.** Our ability to impact cancer outcomes will be accelerated in markets where we secure reimbursement for our products. Prior to broader coverage and reimbursement in the United States, we will continue our work with clinics and health systems to accelerate utilization, and with self-insured employers and health insurers to offer and cover Galleri. In the United States, we have established private reimbursement from over 80 self-insured employers and multiple payors and health systems as of March 31, 2024, but do not currently have broader coverage and reimbursement by government healthcare programs, such as Medicare. We plan to pursue FDA approval to support broad access for Galleri in the United States. We plan to complete a PMA submission with the FDA in the first half of 2026. We seek to use data from the NHS-Galleri Trial, together with data from our PATHFINDER 2 study, as well as supplemental data from other clinical studies, to support our planned PMA submission for Galleri in the United States. We believe that FDA approval could unlock large commercial payors in the United States and we are working with stakeholders to advance and shape the public reimbursement landscape in the United States to enable coverage of FDA-approved MCED tests for Medicare. Galleri has not been approved or cleared by the FDA and obtaining PMA approval can take several years from the time an application is submitted, if at all. Moreover, the FDA requirements that will govern MCED tests, as well as the breadth and nature of data we must provide the FDA to support the proposed intended use, may be subject to change, and as such it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended

use. Following FDA approval, we also expect to pursue inclusion of Galleri in the USPSTF's guideline recommendation, although such inclusion is not certain even with FDA approval. In the United Kingdom, we are working with NHS England to complete our NHS-Galleri Trial. The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. We believe our work with the NHS and the data generated from our NHS-Galleri Trial could facilitate adoption in other single-payor systems around the world and support evidence of clinical utility worldwide. We will continue to invest in clinical evidence generation and work with regulatory bodies and payors in our target markets to expand coverage for early cancer screening and to increase access.

- **Defining, leading, and expanding adoption of MCED.** We coined the term "multi-cancer early detection" and will continue to drive MCED as a solution to one of healthcare's most important challenges. Since our inception in 2016, we have established and maintained a leading voice regarding the early detection of multiple cancer types in peer-reviewed literature. As of March 31, 2024, we have published more than 65 manuscripts, including in high profile journals like *The Lancet*, *Nature*, *Nature Medicine*, *Cancer Cell*, and *The Lancet Oncology*. We have also presented our data in more than 20 podium and 190 poster presentations at renowned medical conferences, including AACR, ASCO, ESMO, and AAFP. We fund medical education programs for MCED and intend to continue to educate healthcare providers, as well as key opinion leaders, regulators, professional societies, and policymakers on the clinical benefits and public health impact of MCED. In addition, we believe this market development strategy will drive adoption of our products and further awareness of the benefits of MCED testing generally.

- **Driving cutting edge science and technology to continuously improve existing products and develop new products.** Our methylation platform and extensive technological infrastructure, together with expansive ongoing data collection, will continue to drive improvements to Galleri and enable the development of additional products. Our technology has broad applicability in cancer detection and management, and findings from our SYMPLIFY study demonstrated the potential of our platform to extend beyond asymptomatic screening, into symptomatic detection. We launched our RUO offering, a part of our precision oncology portfolio, in 2023, which has formed the basis of additional biopharmaceutical partnerships to enable further discovery and execution of new development programs. In addition, these partnerships have generated findings that support expansion into precision oncology applications, including pre-and post-treatment prognosis, recurrence detection, and clinical monitoring. We continually seek to enhance the performance of our products through a comprehensive, rigorous approach to ongoing classifier training, improvement of features, and reduced processing time and cost. Further, we plan to improve our products to enhance performance, offerings, scalability, and/or cost of goods. New products, including enhanced versions of current products, will require the completion of certain clinical development and regulatory activities, such as non-inferiority studies using clinical study data and real world evidence data obtained through Galleri's current commercial use and bridging studies agreed upon with regulatory authorities. We will continue to improve our technologies and launch innovative products across the cancer care continuum.

- **Leveraging our existing infrastructure to enable and scale our growing business.** Over the last several years, we have made significant investments to build a scalable infrastructure capable of meeting significant demand while satisfying stringent certification parameters. Our high-capacity laboratories are accredited by the College of American Pathologists ("CAP") and certified by the Clinical Laboratory Improvement Amendments of 1988 ("CLIA") and the New York Department of Health, which represents one of the most rigorous levels of validation required for laboratory-developed tests. Our facilities are able to process a substantial number of tests per year and we expect to be able to meet our anticipated near-term needs. In addition, we engineered custom technology infrastructure and cloud-based tools to enable scalable data collection and analysis capabilities. Our ability to collect, manage, and integrate high-quality genomic and clinical data is central to our business, and our automated laboratory workflows and processes enable high volumes of tests and

samples to be processed automatically with high efficiency and speed and low failure rates. As demand for our products increases, we expect to leverage the scale efficiencies of our infrastructure and platform technology, which we believe will positively impact margins over time.

- **Sustaining a patient-first corporate culture that champions diversity.** We have built a multi-disciplinary organization of leading scientists, engineers, and clinicians driven to improve outcomes for cancer patients. In our pursuit to improve cancer care and solve one of healthcare's most important challenges, we intend to grow our diversity among employees and will continue to foster an agile and inclusive environment that is a destination for world-class talent. We believe our mission, values, and leadership attributes all contribute to this vibrant and inclusive culture and serve as a powerful magnet for talent.

**Improving Cancer Care**

***The Burden of Cancer and the Benefits of Earlier Detection***

Cancer is the second leading cause of death in both the United States and worldwide, with more than 19 million new cases and 10 million deaths globally in 2020. This burden is expected to grow as the global population ages. According to the data in the American Cancer Society's *Cancer Facts & Figures 2024*, there will be approximately 2.0 million new cancer cases and 611,000 cancer deaths in the United States in 2024. An analysis published in the AACR's Cancer Epidemiology, Biomarkers and Prevention Journal (Cancer Epidemiol Biomarkers Prev. 2020; 29(7):1304–1312) estimated that $201 billion was spent on cancer care in the United States in 2020, with some of the costliest treatments targeting late-stage cancers that are highly challenging to treat. The same analysis projected that by 2030, the cost of cancer in the United States would rise to more than $246 billion annually, driven by an aging population and rising costs of care. According to an article published in *JAMA Oncology* in February 2023 (JAMA Oncol. 2023; 9(4):465–472), it is estimated that the global economic cost of cancer from 2020 to 2050 will be approximately $25 trillion.

A fundamental driver of cancer mortality today is that most cancers that result in death are diagnosed too late, in advanced stages when they are most challenging to treat. If cancer is detected early, when it is localized, it is more amenable to curative treatment. According to the American Cancer Society, the ability to cure cancer depends on the type and stage of cancer, the type of treatment the patient receives, and other factors. While there is not one cure for cancer and not all cancers may be cured, according to the World Health Organization many cancers can be cured if detected early and treated effectively and some of the most common cancer types, such as breast cancer, cervical cancer, oral cancer, and colorectal cancer, have high cure probabilities when detected early and treated according to best practices. According to 2006 to 2015 data from the Surveillance, Epidemiology, and End Results Program of the U.S. National Cancer Institute ("SEER"), across all cancers, the five-year cancer-specific survival rate is approximately 89% when localized, compared to 21% when the cancer is metastasized. Historically, a key challenge to early detection is that there has been no mechanism to detect most cancers while individuals are asymptomatic. Detecting cancers at earlier stages could potentially reduce cancer-related five-year mortality by at least 15-24%, according to a model published in the AACR's *Cancer Epidemiology, Biomarkers & Prevention Journal* in May 2020 (Cancer Epidemiol Biomarkers Prev. 2020; 29 (5): 895–902.

Treatment costs increase by stage across all cancers, and, according to an article published in the *Journal of the National Comprehensive Cancer Network* in April 2018, (J Natl Compr. Canc. Netw. 2018 Apr; 16(4):402–410), treating cancers that are in more advanced stages can be up to two to four times more costly than treating cancers at earlier stages. In addition, an analysis published in Data (Data. 2017; 2(30):2–16) estimated that diagnosing cancer early could result in $26 billion (approximately 17% of total treatment costs) in annual cancer treatment cost-savings in the United States.

***Cancer Screening Today and Limitations of the Current Cancer Screening Paradigm***

In the United States, we consider standard of care screening for cancer to consist of the grade A and B recommendations published by the USPSTF, which currently recommend broad population screening for only

four types of cancer using single-cancer screening tests (breast, cervical, colorectal, and lung cancer), and prostate cancer screening, which is USPSTF grade C and is widely implemented in the United States. These screening tests have helped to reduce mortality for these specific types of cancer; however, there are a number of limitations to the current paradigm.

First, existing standard of care screening is limited to a minority of cancers. For the majority of cancer types, there are no recommended screening guidelines or no screening tests exist. Only 14% of cancers in the United States are diagnosed through screening, according to NORC at the University of Chicago. We estimate that more than 60% of cancer deaths result from cancers that have no recommended screening guidelines. For example, according to data in the American Cancer Society's *Cancer Facts & Figures 2024*, cancers for which there are grade A and B recommendations published by the USPSTF (breast, cervical, colorectal, and lung cancer) are expected to result in approximately 225,000 deaths out of approximately 612,000 cancer-related deaths in the United States in 2024, and prostate cancer is expected to resulted in approximately 35,000 additional deaths. Additional analyses that take into account compliance with screening rates have estimated that more than 80% of cancer deaths may be from unscreened cancers. Many patients are diagnosed when presenting with symptoms, by which time these cancers may be advanced and harder to treat. Additionally, we estimate that asymptomatic individuals undertaking a standard of care screening test are many times more likely to have a different type of cancer than the cancer type for which they are being screened. For example, we supported the publication of a letter, Multi-cancer early detection: A new paradigm for reducing cancer-specific and all-cause mortality, *Cancer Cell*, in April 2021, which included an analysis of cancer incidence and mortality rates available from SEER. This analysis examined the USPSTF's recommended screening for the general population—biennial mammography for women aged 50-74, cervical cancer screening for women aged 21-64, and colorectal cancer screening for persons aged 50-79—and quantified for each of these target populations the rates of incidence and death due to cancers other than the one being screened. This analysis found that asymptomatic individuals undertaking a standard of care screening test are between 2-24x more likely to have a different type of cancer than the cancer type for which they are being screened.

Second, the existing standard of care screening tests are each for a single cancer type and prioritize high sensitivity, resulting in higher false positive rates. Even if single-cancer screening tests were available for every cancer type, the administration of many single-cancer screening tests, either as independently administered tests or as a string of individual screens combined into a single test, would be clinically and economically untenable at population-scale. Screening individuals with multiple single-cancer screening tests adds incrementally to the total number of independent tests conducted and therefore to the cumulative false positive rate. For example, in the Prostate, Lung, Colorectal and Ovarian ("PLCO") Cancer Screening Trial, which was a large randomized controlled trial designed and sponsored by the U.S. National Cancer Institute, the cumulative risk of a false positive after 14 sequential single-cancer screening tests over a three-year period covering only four cancer types was 50% or greater. In addition, we developed a model using SEER data to analyze, among others, the false positive rate of a hypothetical screening system in which a patient is screened using single-cancer screening tests for the 11 most deadly types of cancer in the United States (excluding prostate) over a one-year period, with each of the 11 single-cancer screening tests having an assumed false positive rate of 11%. Based on this model, we estimate that the cumulative risk of a false positive after these 11 single-cancer screening tests would be approximately 80%.

Third, we believe single-cancer screening tests are also unlikely to be developed for detecting less common cancers, which we estimate account for a majority of all cancer deaths in the United States, based on data in the American Cancer Society's *Cancer Facts & Figures 2024* regarding estimated new cancer cases and cancer deaths. In many instances, we believe the incidence of such cancers is too low to undertake the required clinical studies. For example, the American Cancer Society's *Cancer Facts & Figures 2024* categorizes cancer cases by 46 sites in the human body, with cancers at more than half of these sites expected to result in less than 10,000 deaths in 2024. Additionally, achieving cost effectiveness for a test for a less common cancer type would be challenging. Developing single-cancer screening tests for individual cancer types with lower incidence presents significant logistical burdens and expense.

**Opportunity for Multi-Cancer Early Detection**

We believe a population-scale, MCED screening test will help address these limitations of the current cancer screening paradigm and can be a powerful tool to reduce the burden of cancer.

***How to Measure Performance of a Population Screening Test***

There are a number of measures of performance for cancer screening tests. These include:

- **Sensitivity**: The proportion of patients with cancer who receive a positive test result = A / (A+C) *100
- **Specificity**: The proportion of patients without cancer who receive a negative test result also equal to 1- **False Positive Rate** or D / (B+D) * 100
- **PPV**: The proportion of patients with a positive test result who actually have cancer = A / (A+B) * 100
- **NPV**: The proportion of patients with a negative test result who do not have cancer = D / (C+D) * 100
- **Yield**: The proportion of cancers detected by screening = A / (A+B+C+D)

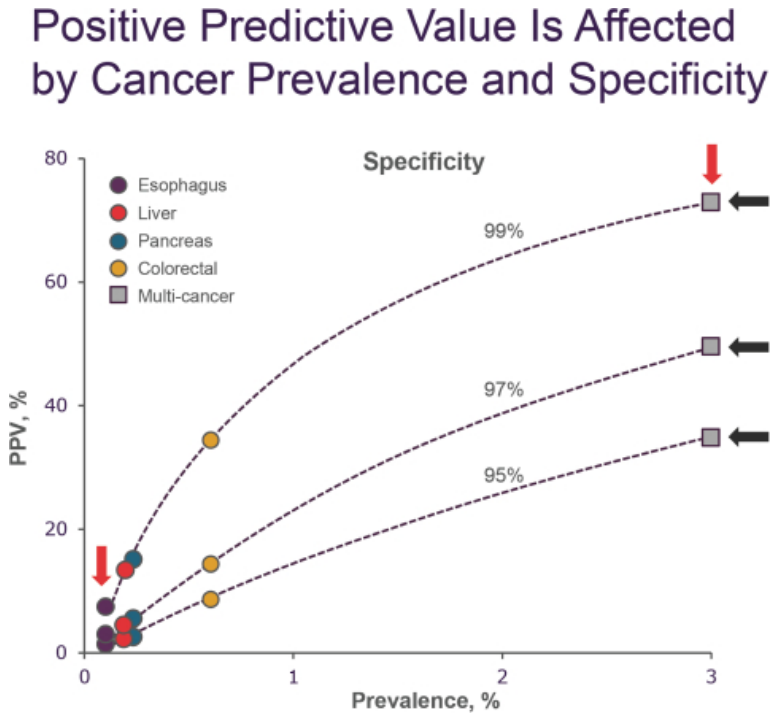
| | | Test Result: Positive | Test Result: Negative |
|---|---|---|---|
| True Condition | Cancer | True Positive (A) | False Negative (C) |
| True Condition | Non-cancer | False Positive (B) | True Negative (D) |

While sensitivity has become an established measure in evaluating the performance of single-cancer screening tests, we do not believe that sensitivity is the best measure to evaluate MCED tests for two primary reasons. First, sensitivity in blood-based cancer screening tests is largely dependent on the amount of cfDNA in the blood. The levels of cfDNA are driven by the cancer types (certain cancers shed more circulating tumor DNA (ctDNA) than others) and stage (earlier stage cancers shed less ctDNA than later stage) in the population being tested. This variability can make it challenging to measure and interpret the overall performance of a test that identifies a shared cancer signal, and is not searching for any particular cancer, and is deployed across broad populations. Second, tests that are optimized for sensitivity often sacrifice specificity, which results in a higher rate of false positive results. While this tradeoff is generally accepted for single-cancer screening tests, it is critical to retain high specificity for a multi-cancer screening test due to the substantial resulting impact that false positive results could have across the population if a significant number of individuals are screened. This is particularly relevant when screening the general population for a low-incidence disease, like cancer.

Rather than sensitivity, we believe that the two most appropriate metrics for evaluating the effectiveness of an MCED test screening at population-scale are PPV, which incorporates both sensitivity and specificity, and yield. An MCED that has high PPV and high yield would result in identifying more cancers earlier. PPV represents the probability that a positive test result is a true positive and directly answers the patient-centric clinical question, “if my patient has a positive test result, what is the likelihood they truly have cancer?” We believe a high PPV can give clinicians confidence in a positive test result and a sense of urgency to initiate confirmatory diagnostic workups. The ability to detect as many cancer types as possible drives a high yield, enabling detection of as many cancer cases in a population as possible. We believe that a high yield maximizes the population-scale impact of an MCED test in detecting cancer early. We believe dramatically increasing the yield of a cancer screening program will be necessary to address the global burden of cancer and provide the potential to significantly improve cancer care.

For a condition like cancer that has a low prevalence in the population, PPV is significantly impacted by prevalence and specificity, such that PPV increases with the prevalence of cancer in the population and with the

specificity. This is because in diseases, like cancer, with low prevalence, the population without cancer will be much larger and therefore small changes in specificity will result in relatively large changes in the number of false positives. The relationship between specificity, prevalence, and PPV is illustrated by the figure below. For example, to illustrate how prevalence impacts PPV, note the "esophagus" single-cancer screening test data, depicted by purple circles in the figure, which has a significantly lower PPV than the "multi-cancer" screening data, depicted by the gray squares in the figure. For convenience, these data points are highlighted with two red vertical arrows. The higher PPV of the multi-cancer screening test is due to the aggregate prevalence of multiple cancers using a single test. To illustrate how specificity impacts PPV, note the three gray squares indicating "multi-cancer" screening data, which are indicated by three black horizontal arrows. The increase in specificity from 95% to 99% results in a significant increase in PPV due to the reduction in false positives.




We believe another critical metric for measuring the performance of a multi-cancer early detection test is the yield. Single-cancer screening tests are, by definition, limited in their maximum yield, as they are focused on only one cancer type. By contrast, multi-cancer screening tests increase the yield by detecting multiple cancer types simultaneously in a population. There is an inverse relationship between aggregate sensitivity and yield; for example, low signal cancer types will drive down aggregate sensitivity but will increase the yield.

***Requirements of a Population-Scale MCED Screening Test***

We believe the following features are essential for an MCED test to be accepted as a broad-based screening test in asymptomatic populations:

- *Ability to identify a broad range of cancer types*: An MCED test should identify many cancer types to maximize the absolute number of clinically significant cancer cases detected in a population and yield.

- *High PPV and low false positive rate*: An MCED test should have a high PPV and low false positive rate to help maximize physician confidence in a positive test result, drive a sense of urgency to perform confirmatory diagnostic workups, and minimize the number of unnecessary workups in a population.
- *Ability to predict with high accuracy the cancer signal origin and direct diagnostic workup*: An MCED test should predict the cancer signal origin with high accuracy to facilitate efficient diagnostic workups.
- *Backed by robust analytical and clinical performance*: An MCED test should be rigorously validated to account for non-cancer biological signals and the underlying heterogeneity of populations without cancer. We believe clinical validation should be performed using a locked assay and classifier and should be analyzed in case-control and intended-use populations.
- *Ability to limit overdiagnosis of indolent cancers*: An MCED test should preferentially detect the cancers most likely to result in death, which are aggressive and clinically significant cancers warranting treatment, and should not result in overdiagnosis of more indolent cancers.
- *Application to a diverse population*: An MCED test should be built on a comprehensive evidence program that supports implementation in the broad elevated risk population (such as those over the age of 50). To support this, clinical studies should evaluate effectiveness in diverse and high-risk populations, including populations that are diverse in behaviors (such as smoking), non-cancer diseases, environmental exposures, age, gender, race, ethnicity, socio-economic status, and other confounding indications and differences.
- *Complementary to standard of care screenings*: An MCED test should serve as a complement to, not a replacement for, current standard of care screening tests so as not to discourage adherence to existing USPSTF guidelines.
- *Simple to implement and access*: An MCED test should be easy to implement in clinical practice and reduce or avoid common barriers to screening such as requirements for access to specialized equipment.

**Our Products: Galleri and Beyond**

***Our Multi-Cancer Early Detection Test: Galleri***

Our commercially available multi-cancer early detection screening test, Galleri, is transforming cancer care and has the potential to unlock substantial improvements in cancer detection and mortality.

A fundamental driver of cancer mortality today is that most cancers that result in death are diagnosed too late, in advanced stages when they are most challenging to treat. If cancer is detected early, when it is localized, it is more amenable to curative treatment. Galleri is designed to complement the USPSTF's recommended screenings, be easy to implement in practice, and improve overall population cancer detection. From a simple blood draw, Galleri can detect a cancer signal shared by over 50 types of cancer, over 45 of which do not have recommended screening guidelines. We believe Galleri enables the early detection of cancer in asymptomatic individuals by screening for multiple types of cancer, and in clinical studies Galleri has demonstrated an ability to predict the location of the suspected cancer with high accuracy (88%), and high PPVs and low false positive rates. For additional information, see "Business—Our Clinical Studies." Galleri screening test results can help guide next steps for a diagnosis of cancer by healthcare providers in required follow-up diagnostic testing. Galleri is not a diagnostic test and has not been approved or cleared by the FDA. We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships. In this real-world setting, Galleri has detected deadly cancers in early stages. Our test has been deployed across healthcare systems, employers, payors, and life insurance providers, and for additional at-risk groups such as first responders, including firefighters, and continues to unlock the promise of early cancer detection.

We developed Galleri with the following critical features necessary to address the requirements of a population-scale MCED screening test:

Ability to identify a broad range of cancer types

Galleri is able to detect a cancer signal shared in over 50 types of cancer, including the most deadly types of cancer that do not have recommended screens. We believe that Galleri can significantly increase the number of cancer types screened for in the population and has the potential to increase yield of cancers in the United States that are diagnosed through screening from 14% to 49%.

High PPV and low false positive rate

In clinical studies, Galleri has demonstrated a high PPV of approximately 43% and a low false positive rate of less than 1%. A high PPV, which is enabled in part by a low false positive rate, is important in clinical practice because it represents the probability that a positive test result is a true positive and can give clinicians high confidence and a sense of urgency to initiate confirmatory diagnostic workups. A low false positive rate can help to limit unnecessary workups on patients who do not have cancer. The image below sets forth certain key performance information from our PATHFINDER study.

Galleri Performance

| Test performance metric | Galleri results[1] (Results not returned to participants or providers) |
|---|---|
| Positive predictive value (PPV) | 43.1% |
| False positive rate[2] | 0.5% |
| Yield | 0.5% |
| Cancer signal origin accuracy[3] | 88.0% |

[1] Results based on MCED test that became Galleri. Results were returned to participants by an earlier version of Galleri.
[2] Based on cancer status assessment at the end of the study ("EOS"). Cancer status assessments were conducted on all patients that received a cancer signal detected (positive) test result. Assessments were conducted through electronic health record review and patient follow-up.
[3] Proportion of first or second origins correctly predicted among true positive participants.

While Galleri is designed to complement the current standard of care screening tests, Galleri's high PPV of approximately 43% is significantly higher than the PPV of all of the standard of care single-cancer screening tests. Galleri's low false positive rate of less than 1% is also significantly lower than the false positive rate of all of the standard of care single-cancer screening tests. The table below presents the PPVs and number of false positives associated with the current standard of care screening tests:

Galleri and standard of care performance

| Cancer | Testing Method | Positive Predictive Value | False Positive Rate |
|---|---|---|---|
| **Multi** | **Galleri*** (Blood Test) | **43.1%** | **0.5%** |
| Breast[1] | Mammography | 4.4% | 11.1% |
| Cervical[2] | Cytology / HPV test | 19.0% | 7.4% |
| Colorectal[3] | Colonoscopy** | ** | ** |
| | Stool-based screening (FIT) | 1.2% | 13.0% |
| | Cologuard (sDNA-FIT)*** | 3.7% | 13.4% |
| Lung[4] | A low-dose CT scan | 3.8% | 12.8% |
| Prostate^[5] | Blood Test | 30% | 10.4% |

* Results based on MCED test that became Galleri.
** Colonoscopy is considered both a screening and diagnostic test, in part because it detects both precancerous and cancerous lesions. As a result, it is not comparable across PPV and false positive rates.
*** United States Food and Drug Administration Premarket Approval P130017. FDA Summary of Safety and Effectiveness Data.
^ Prostate screening is an USPSTF grade C
1. Source for PPV and False Positive Rate: Radiology. 2017; 283(1): 49-58.
2. Source for (i) PPV: Int. J. Cancer. 2019; 144, 2587-2595 and (ii) False Positive Rate: JAMA. 2018; 320(7):687-705.
3. Source for PPV and False Positive Rate: Abdom Radiol (NY). 2016; 41(8): 1441–1444.
4. Source for (i) PPV: N Engl J Med. 2013; 368(21): 1980-1991 and (ii) False Positive Rate: Ann Intern Med. 2015; 162(7): 485-491
5. Source for (i) PPV: CA Cancer J Clin. 2010; 60(2): 70-98 and (ii) False Positive Rate: Ann Fam Med. 2009; 7(3): 212-222

Ability to predict with high accuracy the cancer signal origin and direct diagnostic workup

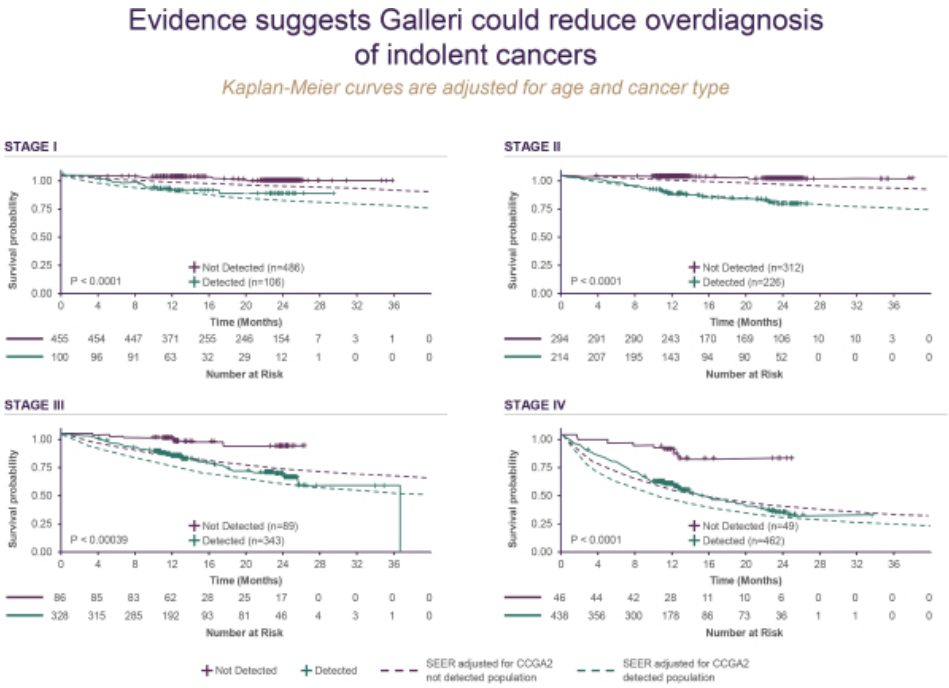
In our PATHFINDER study, Galleri demonstrated a high (88%) cancer signal origin prediction accuracy for identifying the location of cancer, which supports physician approaches to diagnostic resolution through well-established workup pathways. Cancer signal origin prediction accuracy represents the extent to which first and second origins identified were correct among true positive tests. In our PATHFINDER study, the first workup based on cancer signal origin facilitated a diagnostic resolution in 25 of the 32 participants who had diagnostic resolution (approximately 80%). Importantly, this group of 32 participants consisted of only those who received a cancer signal detected result from both Galleri and an earlier version of our MCED test also being studied in our PATHFINDER study. We also found that Galleri's cancer signal origin prediction generally facilitated diagnosis in less than three months (median of 79 days) among participants who had a cancer signal detected. Further, Galleri's cancer signal origin prediction capability enables physicians to limit the use of full body imaging following cancer signal detected results, which can be expensive, not readily accessible to broad patient populations, exposes patients to radiation, and can lead to false alarms and unnecessary ancillary workups.

Backed by robust analytical and clinical performance

Galleri screening test performance is validated by extensive clinical studies. We have established a broad population-scale clinical evidence program, including the more than 21,000 participants included in the studies that supported the development and launch of Galleri. We believe we established clinical validation using a locked assay and classifier in case-control and intended-use populations. A locked assay means that the assay and classifier are fully specified, with no further adjustments. A locked assay and classifier produce the same result, within process control limits, when the same input is applied. A case-control study is a type of observational study that interrogates factors associated with diseases or outcomes. These studies include a group of "cases" (*e.g.*, participants with cancer) and a group of "controls" (*e.g.*, participants without cancer). A case-control study can, for example, be used to establish performance characteristics and for clinical validation. Our CCGA study is an example of a case-control study, in that it enrolled participants with a cancer diagnosis (cases) and participants without a cancer diagnosis (controls). Importantly, we were able to translate performance from our foundational case control CCGA study to our interventional PATHFINDER study. We have shared evidence supporting Galleri's performance at renowned medical conferences and published results from our studies in leading scientific and medical journals.

Ability to limit overdiagnosis of indolent cancers

Data across our clinical studies suggests that although Galleri detects cancer signals for some of the most aggressive cancers, detection of cancer signals for indolent cancer types, which people are less likely to die from, is low. Based on the Kaplan-Meier curves in the figure below, which show survival over time, detected cancers have a similar prognosis to that expected based on our analysis of SEER data, whereas cancers not detected by Galleri had a more favorable prognosis than would be expected. At any given stage, survival was worse for cancers detected by Galleri, as shown in the figure below. More specifically, the blue curves, which represent detected cancers, are steeper than the purple curves, which represent undetected cancers, meaning that cancers detected by Galleri have a worse prognosis than those cancers that were not detected. These findings were consistent across stages of cancer. Because this effect could be influenced by the types of cancer being evaluated, we adjusted for the age and cancer type distribution reported in the SEER data, and showed that this result is consistent if our detection rate were applied to the cancer and age distribution present in the SEER data (represented by the dashed lines in the figure below). This suggests that indolent cancers are unlikely to be detected by Galleri, and Galleri would be unlikely to contribute to the problem of overdiagnosis, and the associated harms related to treatment of over-diagnosed cancers.




The p-values shown in the figure above indicate the likelihood that this result might be due to chance. The smaller the p-value, the less likely these results are due to chance (for example, a p-value = 0.001 means that there is a 0.1% probability that the result is purely due to chance). The small p-value reflects both the magnitude of the difference as well as the large sample size. We believe these findings are biologically consistent with evidence suggesting that indolent, less aggressive cancers are less likely to shed DNA into the blood.

Application to a diverse population

Galleri has been validated in population-scale clinical studies to help detect cancer across broad populations that are diverse in behaviors (such as smoking), non-cancer diseases, environmental exposures, age, gender, race, ethnicity, socio-economic status, and other confounding indications and differences. For example, in published data from our CCGA study, we found no differences in performance across racial subgroups. Understanding the signals associated with population diversity is important to our ability to account for biological noise and develop high-specificity tests for a broad testing population. The inclusion of confounding conditions in our studies, such as aging and inflammatory conditions, enables us to discriminate true cancer signals from biological noise.

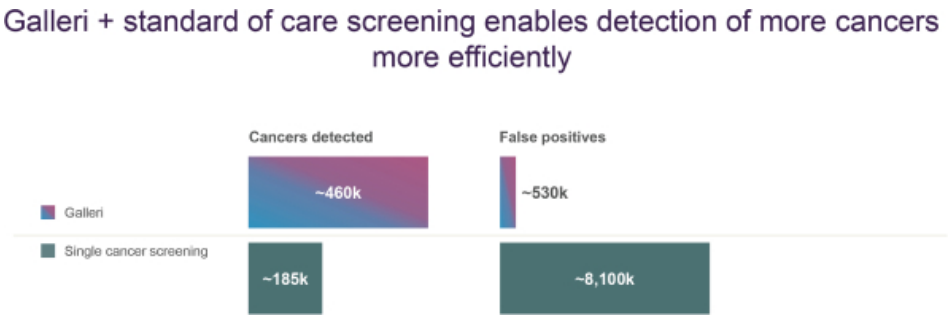
We continue to study Galleri in population-scale studies that evaluate the effectiveness of the test in diverse and high-risk populations. For example, we have worked with clinics, fire departments, municipalities, and unions to test thousands of firefighters, who generally have exposure-related increased risk of cancer. We established a research collaboration with the U.S. Department of Veterans Affairs ("VA"), the largest healthcare system in the United States, and the Veterans Health Foundation to provide Galleri to 10,000 veterans, many of whom are at high risk for cancer, across multiple participating VA sites over a three-year clinical study period. In addition, in our SUMMIT study, we are evaluating Galleri in a population of individuals at high risk for lung and other smoking-related cancers.

Complementary to standard of care screenings

In the United States, the five standard of care single-cancer screening tests (breast, cervical, colorectal, lung cancer, and prostate) have helped to reduce mortality for these specific types of cancer. Galleri expands upon the current standard of care guidelines to screen individuals with a single test for many types of cancer, most of which have no recommended screenings. We envision a world where Galleri is broadly accessible and used routinely alongside current standard of care screenings, potentially annually, to drive significant improvements in patient care and reduce cancer mortality and the cost of cancer care.

To estimate the potential impact of early cancer detection and mortality reduction, we developed and published a cancer epidemiology forecast model. In 2021, we published modeling data in *Cancer Epidemiology, Biomarkers & Prevention* (Cancer Epidemiol Biomarkers Prev. 2021; 30:460–8) that estimated the potential impact of MCED testing on mortality reduction based on test performance in our CCGA-2 study and using 2006 to 2015 SEER data for ages 50-79. Based on this model, we estimate that by adding Galleri to the five standard of care single-cancer screening tests (breast, cervical, colorectal, lung cancer, and prostate), there is potential to detect many more cancers at an earlier stage, which could translate into the potential to avert approximately 100,000 deaths per year in the United States as measured by five-year survival, or 39% of the five-year deaths expected if not for early detection by Galleri. We believe this model provides helpful context regarding the potential benefits of screening for multiple cancers at once with a singular screening test, like Galleri, in addition to the five standard of care single-cancer screening tests; however, there can be no assurance when or even if Galleri will be added to the USPSTF guidelines or standard of care screening.

In addition, we estimate that in a population of approximately 107 million individuals between the ages of 50-79 in the United States, adding Galleri to the five standard of care single-cancer screening tests could result in the detection of an additional 460,000 cancer cases. Our model shows that the use of Galleri together with standard of care screenings could lead to the detection of three times as many cancer cases overall as compared to standard of care screenings alone, with only 6.5% more incremental false positives. We estimate that identification of many more cancer cases with a limited number of additional false positives would reduce the cost to diagnose one cancer by approximately 65%.




Simple to implement and access

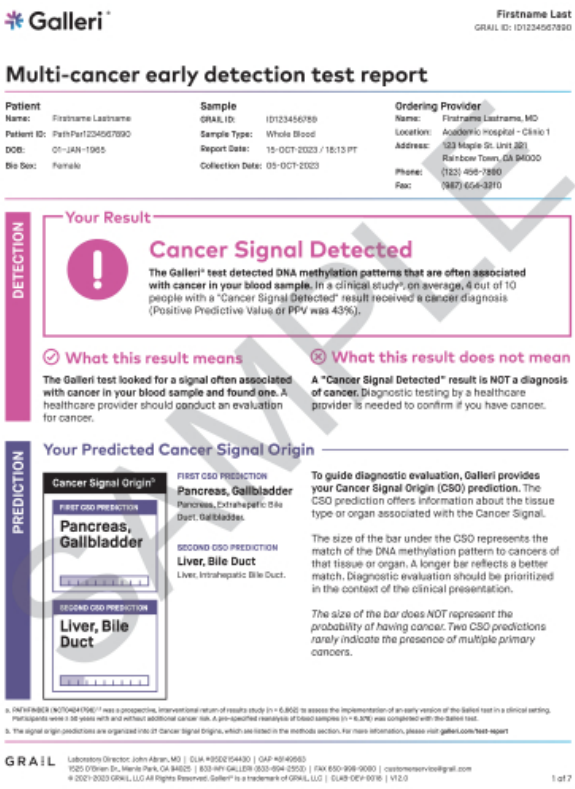
Galleri is administered via a simple blood draw that enhances patient access and is easy for healthcare providers to implement. We believe ease of a blood draw can increase compliance by reducing some of the barriers that have limited the adoption of certain individual cancer screening tests, including the time to obtain the screening test as well as access to specialists and specialized equipment. The test is available through a wide range of in-person and telemedicine care settings in the United States. Galleri is conveniently accessible to patients who can complete the blood draw at physician offices, reference labs, and mobile phlebotomy labs, among other locations. In addition, Galleri can be easily integrated into routine practice, where healthcare providers can order Galleri as part of an annual examination.

*Support Services for Physicians that Drive a Positive Patient Experience*

We have developed a suite of support services to optimize the test experience for healthcare providers and patients. We believe it is important that cancer signal detected patients and their healthcare providers are supported as they navigate follow-ups such as scheduling a confirmatory diagnostic procedure. For all cancer signal detected results, our medical science liaisons connect with the ordering provider via email or phone to offer support in clinical decision making. Clinical care documents are shared with the healthcare provider that describe published clinical guidelines to help guide next steps in the diagnostic work-up. Healthcare providers can additionally elect to access a Galleri experience council—a cohort of physicians (including experts from National Cancer Institute designated cancer centers) with experience with Galleri who can provide peer-to-peer consultations. We also operate an early cancer detection board, analogous to a tumor board, that includes third-party experts across specialties to discuss any challenging cases for which advice is sought. We offer patients a post-cancer signal detected result support center that provides materials they can bring to a referral to ensure the receiving physician understands the cancer signal detected test result to facilitate urgent care for such patients.

In addition, our software systems support a positive experience for physicians and their patients. Our physician portal is designed to allow physicians to order our test and obtain patient consent electronically, which is efficient and helps minimize errors and incomplete user information. We designed our software systems to integrate with third-party electronic medical record systems to streamline test ordering and results delivery. Importantly, for every test we process, we provide a clinically actionable test report, as depicted in the graphic below, that is delivered through our secure web portal to the ordering healthcare providers to show whether or not a cancer signal is detected, and if so, to predict where in the body the cancer signal is located.

The image below depicts an illustrative cancer signal detected test report.




*Investment to Enhance Versions of Tests*

We seek to continually enhance the performance and features of Galleri. Commercial use and ongoing research programs provide valuable data that we believe can enhance test performance. Real-world evidence is already informing product improvements today. We will leverage even larger datasets to further develop our advanced machine learning algorithms. By further refining and selecting subsets of highly informative regions for cancer signal origin detection to reduce panel size, we could achieve deeper sequencing coverage and lower sequencing costs. We also aim to further improve the sensitivity of our tests by obtaining deeper sequencing coverage and a better understanding of noise and leveraging even larger datasets to further develop our advanced machine learning algorithms. We also continue to research and develop technologies that have the potential to complement methylation through orthogonal biological information, including additional analytes and biofluids such as proteins and urine. New products, including enhanced versions of current products, will require the completion of certain clinical development and regulatory activities, such as non-inferiority studies using clinical study data and real world evidence data obtained through Galleri's current commercial use and bridging studies to measure and evaluate concordance, performance and safety of a subsequent, enhanced version of our product versus the relevant existing product. Any bridging study may use previously collected clinical study data and other samples, and will need to be agreed upon with regulatory authorities. If these efforts are unsuccessful or insufficient to facilitate the development and commercialization of enhanced versions of our existing products,

we would be required to revert to the prior version and forego, or be delayed in, implementing any perceived or potential enhancements. We do not believe these efforts would impact our ability to continue to rely on previously-collected data generated from earlier versions of products or to continue to commercialize the current version of Galleri. See "Risk Factors— Risks Relating to Our Business and Industry—Our products or future products may not perform as expected, and the results of our clinical studies may not support the launch or use of our products or future products and may not comply with the requirements, or be replicated in later studies or in the post-market or real-world setting, required to support a commercial opportunity or for any necessary or desirable regulatory clearances, approvals, or certifications, or reimbursement or coverage. This could materially and adversely affect our business, financial condition, results of operations, and growth prospects" and "—We may be unable to develop and commercialize new products, including enhanced versions of current products, and enhanced versions may require non-inferiority studies and bridging studies with review and agreement from regulatory bodies prior to launch."

***Precision Oncology Portfolio***

The precision oncology market is expected to grow significantly in the coming years, and multiple research studies have indicated that liquid biopsies and ctDNA detection will play a major part in this growth. Our precision oncology portfolio currently consists of an RUO-targeted methylation-based platform with customizable classifiers that enables applications for disease prognostication, risk stratification, minimal residual disease ("MRD") detection and recurrence and relapse monitoring across many cancer types. To date, we have run more than 6,000 samples in our development services programs across multiple partners.

We initiated early collaborations with select, leading biopharmaceutical companies beginning in 2020, and the launch of our RUO offering in early 2023 has unlocked additional partnerships with several leading oncology companies. These partnerships leverage our RUO offering to test applications of biomarkers with the goal of optimizing the use of therapeutic interventions. Partnerships may also include development of customized applications to support clinical studies and companion diagnostic development and commercialization. Our first companion diagnostic partnership was announced in 2022 with AstraZeneca. We have published or presented early performance data on MCED testing at multiple academic conferences, including ASCO, AACR and ESMO, across different use cases and indications. These data demonstrate the versatility of the platform across multiple applications and areas of clinical unmet need.

Our RUO offering uses our proprietary targeted methylation platform to analyze cfDNA isolated from peripheral blood for cancer signal interrogation. Our RUO technology estimates tumor burden based on tumor methylation fraction, enabling longitudinal monitoring and surveillance solutions. Data from our studies have demonstrated analytically validated performance, and robust analytical sensitivity, specificity, and precision. For example, in a recent analytical validation study, cfDNA was analyzed from donors with and without cancer. Analytical sensitivity was assessed in 12 different solid tumor types. Results demonstrated strong median limit of detection ("LoD") of 0.023% based on measures of the abnormally methylated ctDNA fraction. Analytical specificity was 98.5% and overall precision across all replicates was 94.6%. The low input requirements support retrospective research studies. Retrospective studies are generally performed using banked samples stored in a freezer. Banked samples may be subject to reduced cfDNA levels (due to reduced plasma volume, sample degradation, or collection in tubes not optimized for cfDNA stability). As a result, a low limit of detection is important to facilitate performance of retrospective research studies.

In addition to our biopharmaceutical business, we believe that our targeted methylation platform could enable clinical products to support patient care across the cancer care continuum. For example, many tests available today for solid tumors require tissue samples and development of patient-specific assays, which contributes to longer turnaround times and potential delays in treatment decisions. Our multi-cancer, non-invasive targeted methylation platform enables cancer detection, classification and monitoring with limited plasma input and no tumor tissue. Test results can be returned rapidly with a 7-10 day clinical turnaround time. The blood-only liquid biopsy approach eliminates challenges with obtaining tissue samples and avoids bias due to tumor heterogeneity and disease evolution. The targeted methylation approach is also able to enhance accuracy

as compared to mutation-based approaches which are known to be confounded by normal biological processes, such as those associated with aging. In the clinical monitoring application, the difficulty of obtaining serial tissue samples, particularly in cancer types such as lung and liver, means a blood-based approach is likely to be much more attractive to clinicians and biopharmaceutical partners.

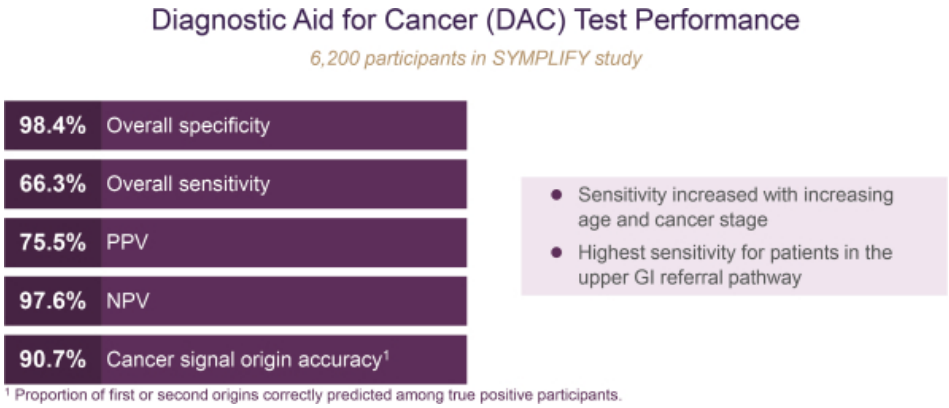
Further, we have validated performance of our technology in an MRD setting, with sensitivity on par with tumor-informed methods. For example, as presented at the American Association of Cancer Research meeting in 2023, GRAIL's analytical sensitivity is reported as the tumor methylation fraction at which the assay detects 95% of samples ("median LoD95"). Our median LoD95 across participants in 12 different cancer types (breast, colorectal, esophagus, head and neck, kidney, liver/bile duct, lung, ovary, pancreas/gallbladder, sarcoma, stomach, uterus) was 0.023%, which means that above 0.023% tumor methylation fraction the assay detected 95% of samples. As a reference, Natera's tumor-informed Signatera RUO assay for use in several solid tumor cancers, an MRD test, reported similar analytical validation with greater than 65% sensitivity above 0.03% tumor fraction, meaning that above 0.03% tumor fraction (as measured using single nucleotide variants in an analogous approach to calculating the amount of tumor content in circulation) the assay detected 65% of samples. Above 0.1% the assay reported a 100% sensitivity. Accordingly, we believe our median LoD95 of 0.023% is on par with these results. MRD testing is used in pharmaceutical studies and clinical practice to detect the presence or absence of residual disease and inform treatment decisions, including identifying patients who may be eligible for adjuvant therapy.

***Our Diagnostic Aid for Cancer Test***

To accelerate diagnostic resolution for patients with non-specific signs and symptoms, but with a clinical suspicion of cancer, we are developing our DAC test using the same proprietary platform used to develop Galleri. Through a simple blood draw, DAC is designed to provide physicians with a powerful decision-making tool to aid diagnosis, achieve resolution more quickly, and avoid unnecessary workups. Data from our SYMPLIFY study published in *The Lancet Oncology* showed that, in a symptomatic patient population, our methylation platform was able to detect many cancer types and identify where the cancer signal origin was located in the body.

Symptomatic detection of cancer is a significant unmet need; we estimate that approximately 16 million patients in the United States present with non-specific signs and symptoms each year. These patients are subject to potentially invasive and time-consuming diagnostic workups. Further, over 70% of patients with non-specific, but concerning symptoms, undergo imaging, scoping, biopsies and other procedures, and over 25% of patients take more than four months to reach a diagnosis once they have already been referred for investigation. There is currently no option for multi-cancer detection for these patients, meaning they will need to potentially undergo multiple single cancer workups. Only around 4% of these patients are ultimately diagnosed with cancer. As demonstrated through SYMPLIFY and other published studies, primary care physicians frequently have difficulty determining which investigations and specialists a patient should be referred to having presented with a non-specific symptom such as unexplained weight loss. This can sometimes result in a prolonged diagnostic odyssey for the patient, with multiple investigations over many months.

Based on our findings in the SYMPLIFY study that included more than 6,200 participants and was published in *The Lancet Oncology*, DAC demonstrated an overall PPV of approximately 76% with an overall NPV of approximately 98%. NPV is an important measurement in a symptomatic population because we believe it provides a physician with more certainty that a negative test indicates a patient does not have cancer that will go untreated. In addition, the overall cancer signal origin prediction accuracy was approximately 90% (first origin indicated had a cancer signal origin prediction accuracy of approximately 85%). Test performance was the strongest in patients referred for investigation of a possible upper gastrointestinal cancer, which has historically been more difficult to diagnose, with a PPV of approximately 66% and an NPV of approximately 99%. The high overall PPV, NPV, and cancer signal origin prediction accuracy results demonstrated in the SYMPLIFY study provide further evidence that our methylation-based platform can help clinicians in difficult non-specific symptomatic situations determine the likelihood that an individual might have cancer, and if a cancer signal is reported, where to direct patients based on the predicted cancer signal origin. The image below summarizes information from our SYMPLIFY study.




Our DAC test has the potential to be reimbursed as a medical benefit, which is an existing, established coverage pathway in the United States. Product development efforts are ongoing, and we currently consider the launch of our DAC test as a medium- to longer-term objective over approximately the next three to five years, subject to a number of factors, including determining the requirements for reimbursement in the United States. Efforts we have made to develop DAC include measuring DAC performance in our SYMPLIFY study, taking efforts to secure reimbursement, and evaluating commercial launch, including whether to launch prior to reimbursement. In deploying DAC in clinical practice, we expect to leverage our existing commercial salesforce and infrastructure.

***Additional Products in Development***

Our rigorous discovery efforts have already enabled us to build unique technologies and develop a powerful platform for early detection. Moving forward, we will continue to research and develop technologies that have the potential to complement and enhance our capabilities. We have conducted early research and development in areas such as immunology and biofluids such as urine. We also plan to leverage relationships, including with academic and industry partners, to help expedite bringing potential new applications of our technology to market.

**Methylation Technology Platform**

***Origin Story***

Although the presence of tumor DNA in the blood was discovered in 1948, it has largely been used as a non-invasive method to select targeted therapies for patients with late-stage cancer. More recently, evidence supported the idea that DNA in the blood could also detect cancer in earlier stages, which raised the possibility of

utilizing cfDNA for early cancer detection (i.e., when patients are asymptomatic). This idea originated in part at Illumina from incidental findings from a study involving a commercial cfDNA-based non-invasive prenatal test. This study leveraged whole-genome sequencing to interrogate copy-number variations to identify fetal chromosomal abnormalities from fetal cfDNA in maternal circulation. From an overall cohort of 125,426 pregnant women, 10 cases of maternal cancer were identified. In cancer cases that presented with advanced symptoms, the treating clinician noted that earlier detection of the malignancy would have had a positive effect on their care. This incidental detection of multiple cancer types via cancer-specific chromosomal changes suggested that a cfDNA-based MCED was possible and GRAIL was founded shortly thereafter.

***Detecting Cancer Signals in the Blood***

Blood contains circulating genomic material, including fragments of tumor DNA in an individual with cancer, which makes it well suited for detecting cancer signals. The genome is a set of DNA instructions found in a cell that contains information for how an organism and its cells function. Changes to one or more genes, often referred to as mutations, can disrupt a cell's normal functioning and cause disease. Genetic mutations can be indicative of cancer, and the reason why cancer is often called a disease of the genome. Although understanding an individual's genetic mutations can help diagnose and treat cancer (for example, by selecting a therapy known to target a specific mutation or set of mutations), mutations only provide part of the picture that drives the complex biology of cancer.

It is well recognized that a hallmark of cancer is abnormally methylated DNA. Methylation is a fundamental biological process active in all living cells that regulates gene expression (i.e., which sections of the DNA "turn on" or "turn off") and thus drives cellular function. A methylation site is a location on the genome where a methyl group, made up of one carbon atom and three hydrogen atoms, is attached to a cytosine base along the DNA strand. An abnormal methylation site is either hyper (normally not methylated but is then methylated) or hypo (normally methylated but is not then methylated). Hypermethylation can lead to silencing of tumor suppressor genes, transcription factors, and DNA repair mechanisms and therefore increase the likelihood of tumor formation. Hypomethylation can lead to genomic instability and chromosomal rearrangements. Modifications in methylation patterns can result in changes in protein levels, which can trigger changes in cellular function and lead to disease, including cancer. For example, hypermethylation of the genome's regulatory region that activates a tumor suppressor gene can turn off expression and lead to tumor growth. Additionally, because each cell type in the body has a unique methylation pattern, or "fingerprint," evaluation of methylation patterns can enable the determination of a cancer signal origin.

Nucleic acids, including tumor DNA and its methylation patterns, can shed from cells into the bloodstream. Short DNA fragments in the blood are known as cfDNA and come from nearly all cell types in the body, including normal cells, diseased cells, cancerous cells, microbes such as parasites, bacteria, and viruses, and, in pregnant women, the placenta. The cfDNA fragments shed into the blood can be sequenced, and their exact sequences and methylation patterns can be used to identify disease and to determine the location from which they originated. When a person has cancer, the DNA from cancerous cells circulate as part of the blood plasma. Cancerous tumor DNA in the blood is specifically referred to as circulating tumor DNA ("ctDNA").

The ability to sequence cfDNA from blood allows for a direct interrogation of methylation patterns that are shared by many types of cancer. To successfully develop cfDNA sequencing technology into an effective, highly-specific MCED test, we had to overcome a number of technical, biological, and clinical challenges. Due to the very small amount of ctDNA present in a blood sample, the sequencing assay must achieve a sufficiently LoD to capture signals that are derived from a tumor versus those from healthy cells in the body, and be able to distinguish this signal from noise in a population of asymptomatic individuals with other confounding conditions and circulating DNA from normal cells.

***Our Proprietary Methylation Platform***

We have developed a targeted methylation platform, comprising wet lab workflows and machine learning algorithms, to recognize a shared cancer signal by efficiently interrogating over one million methylation sites on DNA fragments found in blood. We leveraged our methylation platform to produce our first MCED test, Galleri.

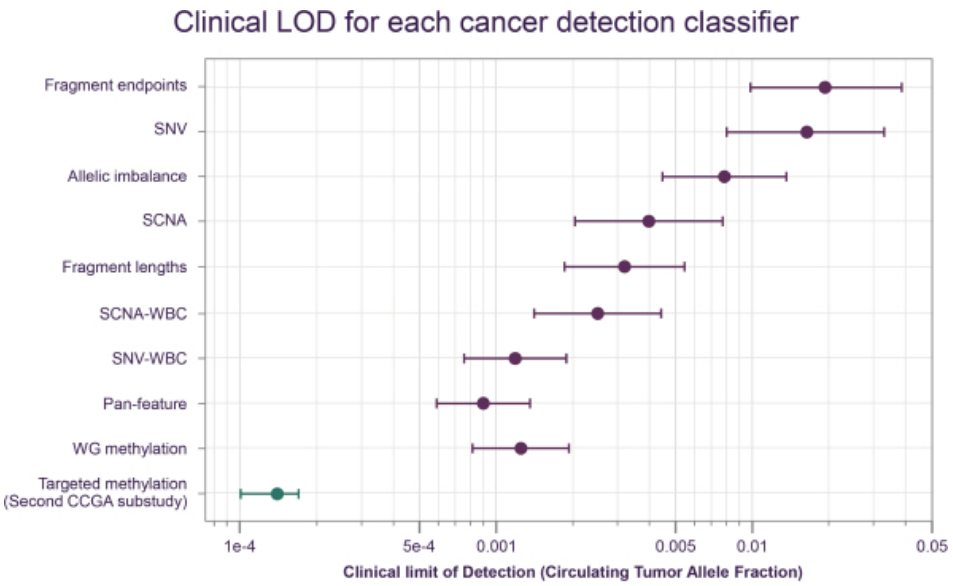
We invested heavily to develop our methylation platform and have built what we believe is an unprecedented longitudinal dataset of high-quality, linked clinical and genomic data. Our proprietary wet lab procedures enable a rich retention of DNA signal in our bisulfite sequencing process, and are designed to optimize the processing of data and improve the quality of our assays. Investments in scalable data management infrastructure enable collection, management, and integration of data from our population-scale clinical program. Sophisticated machine learning algorithms efficiently analyze these extremely large data sets and differentiate cancer signal from technical and biological noise. Our algorithms learn from the growing aggregate data set over time and derive biological insights that we believe will enable both product improvements and new product development over time.

***Our Unbiased Discovery Approach***

To identify the most effective way of detecting cancer signals in the blood, we took a comprehensive and unbiased discovery approach to evaluate multiple next-generation sequencing ("NGS") prototype assays. We designed our CCGA study to characterize the range of genomic signals in the blood of people with and without cancer. Our goal was to develop and evaluate computational models to distinguish cancer cfDNA from non-cancer cfDNA and to develop machine learning algorithms to identify and localize the cancer signal within the body. Notably, the non-cancer participants included individuals with varied age, sex, ethnicity, cancer risk factors such as smoking status, and body mass index and comorbid conditions, increasing the generalizability of this study. This study led to the development, refinement, and clinical validation of our targeted methylation platform.

We developed multiple prototype assays to identify and measure a wide variety of cancer genome signals that are found in cfDNA. Our prototype assays used targeted sequencing to measure single nucleotide variants ("SNV") and small variants to evaluate cancer-derived mutations (with and without white blood cell ("WBC") noise removal); whole-genome ("WG") sequencing to analyze somatic copy number alterations ("SCNA") and fragment features such as length and endpoint; and whole-genome bisulfite sequencing ("WGBS") to identify methylation patterns.

We demonstrated that a WGBS approach to characterizing methylation patterns performed as well or better than the other approaches we tested, either as standalone or in combination, and showed the most potential for further optimization. We found that the methylation signatures were shared across more than 50 cancer types. Additionally, the methylation assay performed better to determine the cancer signal origin. After comprehensive analysis of whole-genome methylation patterns in connection with our CCGA study, we discovered highly informative and low noise methylation sites for cancer signal detection and cancer signal origin detection. Highly informative sites are likely to have abnormal methylation patterns resulting from cancer, and low-noise sites are less likely to be subject to confounding signals from biological noise resulting from confounding conditions (such as aging, inflammatory conditions) and circulating DNA from non-cancerous cells. This discovery led to our development of a targeted methylation approach, which entails interrogating specific methylation sites within a genome to assess methylation patterns and serves as the basis for our Galleri test. Our targeted methylation approach can detect lower levels of cancer signal in blood compared to the other approaches examined, enabling early cancer detection in asymptomatic individuals more efficiently compared to whole-genome methylation. The graphic below shows that our targeted methylation assay had a LoD of approximately 150 parts per million ("PPM") which is significantly lower than other NGS approaches we assessed. LoD is the tumor fraction (or the estimated fraction of tumor genomes in a cfDNA sample) at which the probability of detecting the cancer is at least 50%.




Note: SNV: Single nucleotide variants; SCNA: Somatic copy number alterations, SCNA-WBC: Somatic copy number alterations with white blood cell noise removal; SNV-WBC Single nucleotide variants with white blood cell noise removal; WG methylation: Whole genome methylation

We believe the performance advantage of ctDNA methylation is largely due to its biological characteristics, which make it more robust at the low signal-to-noise ratios inherent in cfDNA. In contrast to typical cancer mutations that only affect a handful of genomic locations, there are nearly 30 million methylation sites across the human genome, making them a ubiquitous and rich signal for detecting cancer. When localizing cancer signal origin, methylation signals inherently reflect tissue differentiation and malignant cancer states which makes them significantly more informative than other approaches we tested. Data describing our CCGA discovery approach was published in 2022 in Cancer Cell (Cancer Cell 40, 1537–1549 December 12, 2022).

***Methylation-based Platform is Highly-Differentiated – Technology Advantages and Validated Performance***

We believe our targeted methylation approach is differentiated from other blood-based detection technologies. Whole-genome methylation from cfDNA used in our prototype MCED test performed strongly with respect to cancer signal detection and cancer signal origin prediction, without requiring additional sequencing to correct for the high background noise due to DNA from WBCs. Importantly, subsequent technology improvements led to our development of the targeted methylation approach that has superior performance and lower costs compared to whole-genome methylation. These performance improvements (specificity, sensitivity, and cancer signal origin prediction accuracy) were recently reported in large-scale clinical validations studies, CCGA and PATHFINDER, which supported the commercial launch of Galleri. We continue to learn from our clinical studies and apply these learnings to our methylation platform.

In our studies, methylation outperformed WGS and targeted sequencing in cancer detection and cancer signal origin for a number of reasons. First, methylation is more pervasive compared with the mutation sites typically interrogated in traditional liquid biopsy approaches. Our targeted methylation approach interrogates approximately one million informative sites of cytosine and guanine separated by a phosphate group ("CpG sites") out of the roughly 30 million CpG sites across the genome. We identified these 1 million CpG sites as the most informative regions for cancer signal detection and cancer signal origin prediction. This allows deeper sequencing of those informative regions compared with WGBS and may overcome expected cost and efficiency limitations of WGS or WGBS approaches. Second, although WGS detected cancer at high tumor fractions, it had a worse limit of detection than a methylation-based approach. Targeted sequencing for mutation detection was also subject to highly prevalent mutations present in individuals due to other biological processes and aging. As such, unlike methylation, targeted sequencing required concurrent WBC sequencing to achieve strong performance. Finally, epigenetic signals inherently reflect tissue differentiation and malignant cancer states; this likely contributes to the strong cancer detection and cancer signal origin classification. Importantly, we found there was little to no value in combining approaches to improve clinical LoD or sensitivity above WGBS.

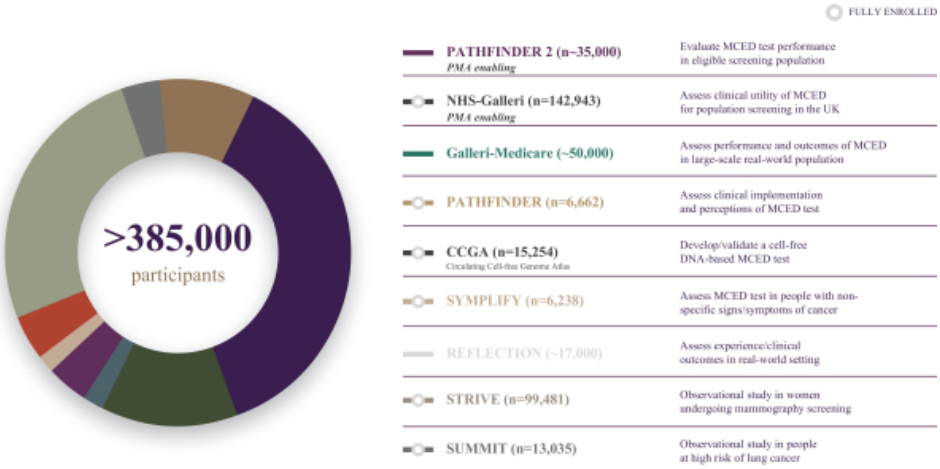
**Our Clinical Studies**

We have built what we believe is one of the largest clinical programs in genomic medicine, which has generated what we believe is an unprecedented longitudinal dataset of high-quality, linked clinical and genomic data. We are collecting population-scale clinical data from more than 385,000 participants in numerous clinical studies, with more than 21,000 of these participants included in the studies that supported the development and launch of Galleri, and over 170,000 individuals enrolled and an additional approximately 55,000 anticipated to be enrolled in interventional studies (NHS-Galleri and PATHFINDER 2, which support our PMA submission, and the first-of-its kind Galleri-Medicare real-world study). The PATHFINDER 2 study and NHS-Galleri Trial are designed to support a PMA submission, with select inclusion criteria (matching the intended use population for Galleri), use of an appropriate assay (developed and commercially available), and enrollment of a sufficient number of participants to facilitate the generation appropriate data and evidence. This design differs from our other studies, such as our CCGA study, which included participants outside of the intended use population for Galleri, and PATHFINDER study, which enrolled fewer participants and utilized an earlier version of Galleri for initial results. Additionally, we announced plans for a 100,000 individual real world study in the Medicare population, with a focus on racial and ethnic minorities and seniors aged 65 and above from under-served communities. The study seeks to compare up to 50,000 prospectively enrolled Medicare beneficiaries who have received usual care plus an annual Galleri test with a matched comparator arm of beneficiaries who receive usual care alone, for up to three annual testing cycles. The study will also include a 50,000-person synthetic control arm. GRAIL is responsible for designing and executing this study and is planning to work with leading health care systems across the country and other key partners over the next few years. Our studies have supported the development of our methylation platform, Galleri, and are facilitating the development of DAC. These foundational population-scale studies involve partnerships with numerous leading academic and cancer

institutions and large community networks, including, among others, the Cleveland Clinic, Dana-Farber Cancer Institute, Guardian Research Network, Kettering Health, Mayo Clinic, Sutter Health, and the US Oncology Network.

Our studies include the collection of blood and, as available and as directed by the protocol, tissue samples, demographic data, patient-reported outcomes data, and clinical data from participants. Clinical information, demographics, and medical data relevant to cancer status are collected from participants at time of enrollment and at regular intervals during a follow-up period. We integrate this information with the genomic data created from sequencing the samples and utilize these data to both train and validate our early cancer detection tests. Importantly, these are longitudinal studies and, in many cases, participant medical data will continue accruing for a number of years, facilitating analyses of longer-term outcomes, and further performance improvements of our products. Our studies are conducted by various medical and oncology centers around the country.

Our clinical studies are summarized in the table below:




We were the first to invest in and initiate multiple, large clinical validation studies for multi-cancer early detection. Results from PATHFINDER, our first completed return-of-results study, provided critical data to support launch of Galleri and understand how clinicians implement Galleri into care pathways in clinical practice. We have completed enrollment in five additional studies: NHS-Galleri, Circulating Cell-free Genome Atlas ("CCGA"), SUMMIT, STRIVE, and SYMPLIFY. We are actively enrolling two studies: PATHFINDER 2 and REFLECTION, and will begin enrollment in our Galleri-Medicare Study by the third quarter of 2024.

We have presented data and published results from our clinical studies in leading forums, including multiple major medical conferences, such as AACR, ASCO, and ESMO, and leading journals, such as *The Lancet*, *Nature*, *Nature Medicine*, *Cancer Cell*, and *The Lancet Oncology*. Data from our studies is expected to support regulatory filings as we pursue PMA approval.

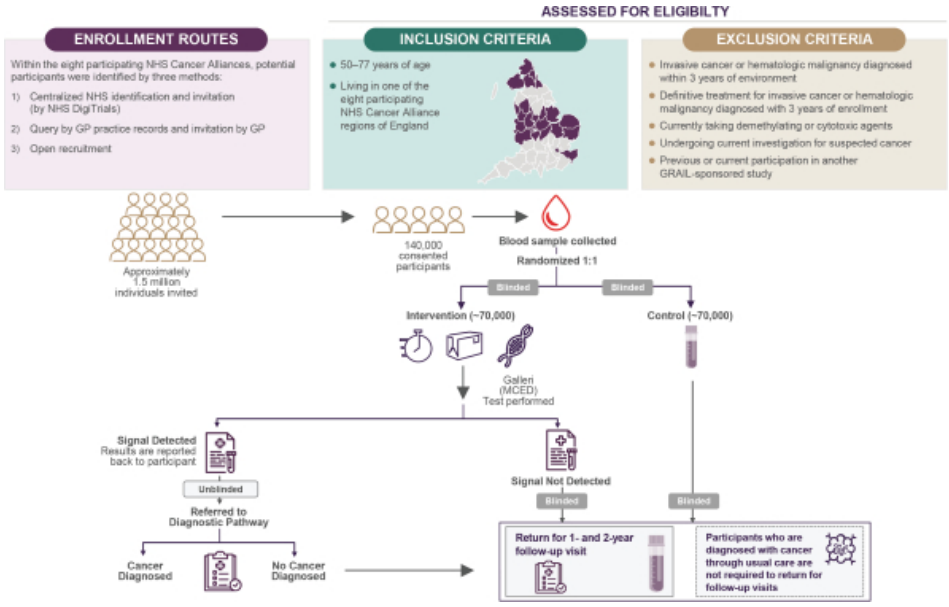
Importantly, our clinical program was designed to enable test development for a diverse population, and enrollment was managed to enable diversity across multiple characteristics including diversity in behaviors (such as smoking), non-cancer diseases, environmental exposures, age, gender, race, ethnicity, socio-economic status, and other confounding indications and differences. Understanding and cataloging this diversity has enabled us to develop tests with high-specificity, cancer signal detection across many cancer types, and accurate cancer signal origin prediction. Long-term follow-up in the studies we have launched in years past will continue to yield critical data that we believe can help define the standard of care in early cancer detection.

***NHS-Galleri***

In 2020, NHS England selected us to assist with the United Kingdom's ambitions for early cancer detection and to assess Galleri for potential population screening on a national scale. In 2021, we initiated the NHS-Galleri Trial, a fully enrolled prospective randomized controlled clinical utility trial of approximately 140,000 participants between the ages of 50 and 77 at the time of enrollment, to evaluate the implementation of Galleri alongside the existing NHS standard of care screenings. Funding for the trial is provided by us. Collaborators include Queen Mary University of London, Kings College London Cancer Prevention Trials Unit, and NHS England, and, based on reviews by the Independent Data Monitoring Committee, the benefit and risk analysis of the trial remains unchanged. These collaborations are subject to terms generally consistent with industry sponsored studies, provided that our arrangement with NHS includes the framework for a two year commercial implementation pilot that the NHS determined not to pursue. The NHS-Galleri Trial is being conducted pursuant to an FDA-approved investigational device exemption ("IDE") application. The primary objective of the trial is to assess whether implementation of Galleri can reduce the incidence of late-stage cancers through early cancer detection. Secondary objectives include collecting outcomes reported by participants with a cancer signal detected test over several timepoints. These outcomes include an assessment of participants' anxiety, satisfaction with Galleri, and attitudes regarding standard of care screening. The trial aimed to enroll a representative population sample to promote health equity and was fully enrolled in just over 10 months. The NHS previously evaluated results of an early analysis from the first screening test (the prevalent screening round) in the NHS-Galleri Trial to determine whether the results were compelling enough to commence an implementation pilot prior to the final trial results. The results of this early analysis represented limited information from only one year of results out of the three-year trial period. In May 2024, the NHS determined not to initiate the pilot until the final trial results are available. As a result, the NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. We seek to use data from the NHS-Galleri Trial, together with data from our PATHFINDER 2 study, as well as supplemental data from other clinical studies, to support our planned PMA submission for Galleri in the United States.

The trial is designed for participants to provide three blood draws over a two-year period, with the first draw taken at enrollment. As a randomized controlled trial, half of the trial participants will receive the Galleri test, and half will have their blood sample stored for future analysis. Any participant in the interventional arm with a cancer signal detected result will be sent for further diagnostic workup with the NHS. All other participants and their physicians remain blinded as to which arm of the study they are in. The second round of blood draws was completed in July 2023, with over 91% retention of participants from the first round. The final round of blood draws commenced in September 2023 and is expected to conclude in July 2024.

The design of our NHS-Galleri Trial is summarized in the figure below:

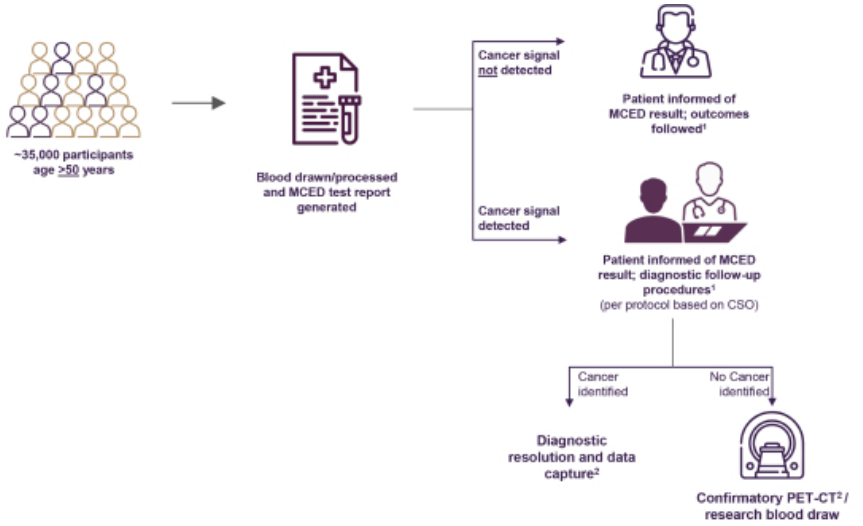



***PATHFINDER 2***

PATHFINDER 2 is a prospective, multi-center, interventional study evaluating the safety and performance of Galleri in a population of individuals aged 50 years and older who are eligible for guideline-recommended cancer screening in the United States. We began enrolling PATHFINDER 2 in December 2021, and the study is expected to enroll approximately 35,000 participants at up to 40 clinical institutions in North America. As of March 31, 2024, we had enrolled over 30,000 participants in the study. Funding for PATHFINDER 2 is provided by us. Collaborators include, among others, the Cleveland Clinic, Duke Health, Henry Ford Health System, Mayo Clinic, Memorial Care, Sutter Health, and the US Oncology Network, and based on reviews by the Data Safety Monitoring Committee, no serious adverse events have been identified. These collaborations are subject to terms generally consistent with industry sponsored studies.

PATHFINDER 2 is being conducted pursuant to an FDA-approved IDE application. The primary objectives of the study are to evaluate the safety of Galleri based on the number and type of diagnostic procedures performed in participants who receive a cancer signal detected but do not receive a cancer diagnosis (*i.e.*, false positive) and to evaluate the performance of Galleri across various measures, including PPV, NPV, sensitivity, specificity, and cancer signal origin prediction accuracy, among others. Participants who receive a cancer signal detected result undergo additional diagnostic testing based on the predicted cancer signal origin to confirm if the participant does in fact have cancer. Secondary objectives include, among others, collecting outcomes reported by participants over several timepoints, including an assessment of participants' anxiety, satisfaction with Galleri, and attitudes regarding standard of care screening. Timepoints for collection will include baseline measurement prior to testing, post-results, and post-diagnostic resolution for positive test results. A planned analysis from the study is expected to be submitted as part of our PMA submission to the FDA. We seek to use data from the PATHFINDER 2 study, together with data from the NHS-Galleri Trial, as well as supplemental data from other clinical studies, to support our planned PMA submission for Galleri in the United States.

The design of our PATHFINDER 2 study is summarized in the figure below:




[1] Participants will be actively followed by enrolled institution for three years to assess cancer status and collect participant-reported outcomes
[2] Clinical information including but not limited to cancer type, pathologic, imaging and clinical staging information will be captured

***PATHFINDER***

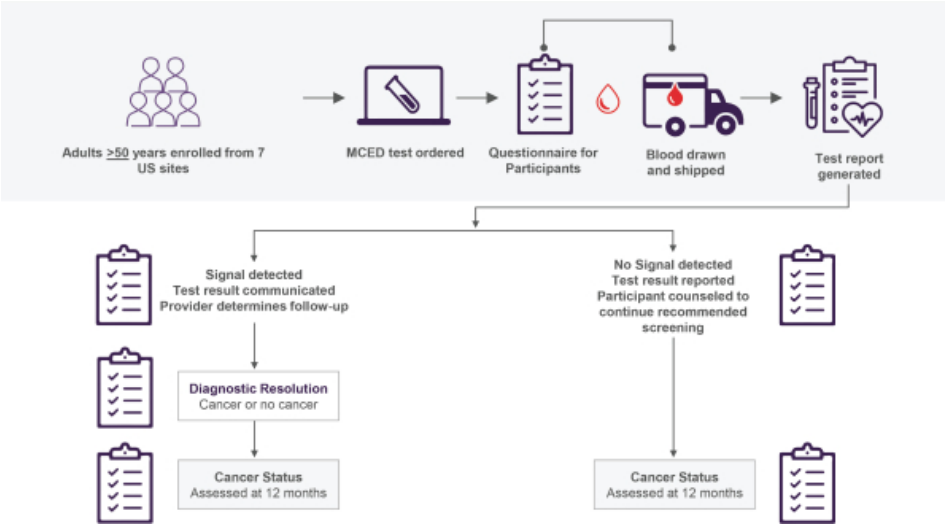
In December 2019, we initiated PATHFINDER, a prospective, multi-center, interventional study evaluating an earlier version of Galleri in clinical practice. The study enrolled 6,662 participants across several health systems in the United States. Funding for PATHFINDER was provided by us. Collaborators included, among others, the Cleveland Clinic, Dana-Farber Cancer Institute, Intermountain Healthcare, Mayo Clinic, Oregon Health & Science University, Sutter Health, and the US Oncology Network, and no serious adverse events were identified. These collaborations were subject to terms generally consistent with industry sponsored studies. The study evaluated the safety and performance of this earlier version of Galleri in a population of individuals aged 50 years and older divided into two cohorts: participants with elevated cancer risk and participants with non-elevated cancer risk. PATHFINDER was our first study that returned test results to physicians and participants, and evaluated how these test results affected diagnostic and care pathways in a screening population. PATHFINDER was conducted pursuant to an FDA-approved IDE application involving an earlier version of Galleri. Over the course of the study, we made refinements to the test to reduce the detection of pre-malignant hematologic conditions, which are relatively common. Results for the study are reported for both the earlier and refined versions of the test. Initial results from the PATHFINDER study were presented at ESMO in 2022, and full results were published in *The Lancet* in October 2023. These data, in conjunction with the results from our CCGA study, supported our launch of Galleri as a laboratory developed test ("LDT") in the United States.

In the study, when added to current standard of care screening, Galleri more than doubled the number of cancers detected from screening. Study results showed that 71% (25/35) of participants that received a cancer signal detected from our MCED test result had types of cancer detected that have no routine cancer screening available. Among participants who received a cancer signal detected result and had a confirmed new cancer diagnosis (true positive), nearly half (48%) of the non-recurrent cancers were detected at an early stage (Stage I or II).

For patients with a cancer signal detected result, the predicted cancer signal origin directed diagnostic workups and helped to resolve cancer diagnosis in less than three months (median 79 days) for most participants (73%), and in less than two months (57 days) for patients with true positive results. As expected, the median time to diagnostic resolution was longer for false positive results (162 days), with 44% of these participants scheduling follow-up imaging or procedures three or more months later, contributing to the longer time to resolution. Notably, the first workup based on cancer signal origin facilitated a diagnostic resolution in 25 of the 32 participants who had diagnostic resolution (approximately 80%). This group of 32 participants consisted of only those who received a cancer signal detected result from both Galleri and an earlier version of our MCED test also being studied in PATHFINDER.

Study results with the earlier version of the test showed a high PPV of approximately 38%, high (97%) cancer signal origin prediction accuracy, and the test detected 36 cancer cases in 35 patients out of 6,621 participants with analyzable results. A pre-specified retrospective re-analysis of samples with the refined version of the test showed a higher PPV of approximately 43%, which is consistent with our CCGA study, and high (88%) cancer signal origin prediction accuracy. Specificity was 99.1% with the earlier version of the test and 99.5% with the refined version of the test, resulting in a false positive rate of less than 1% for both versions of the test.

The design of our PATHFINDER study is summarized in the figure below:



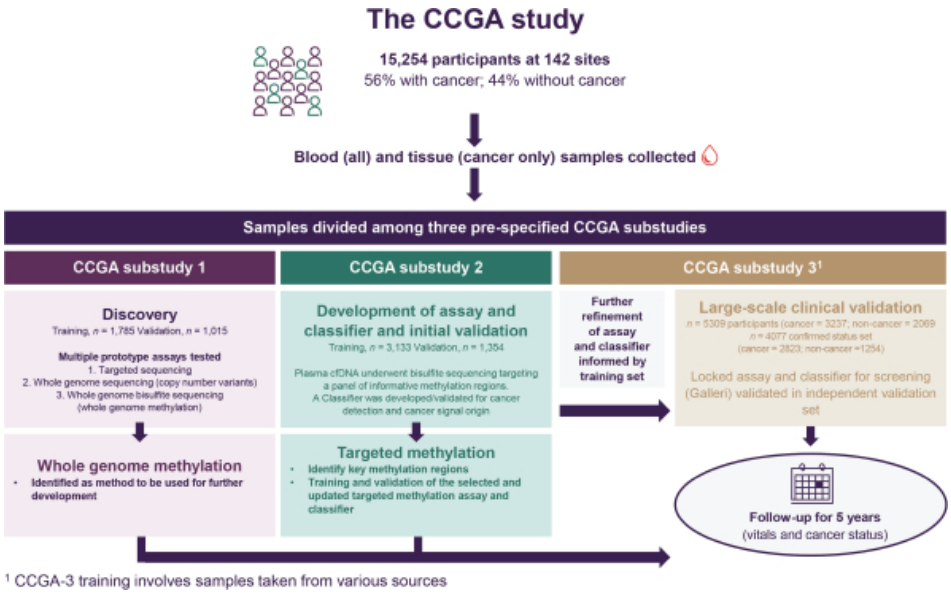

***Circulating Cell-free Genome Atlas Study***

CCGA is our foundational observational, case-controlled study with planned five years of longitudinal follow-up. The study was used to discover, train, and validate Galleri, and was used alongside the SYMPLIFY study to analyze performance in the symptomatic patient population to support our DAC offering. The CCGA study enrolled 15,254 participants, 56% of which had newly diagnosed cancer, inclusive of both early-and late-stage disease, and 44% of which did not have a known cancer diagnosis at the time of enrollment. Funding for the CCGA study was provided by us. Collaborators included, among others, the Cleveland Clinic, Dana-Farber Cancer Institute, Lahey Hospital and Medical Center, Mayo Clinic, and the US Oncology Network, and no serious adverse events were identified. These collaborations were subject to terms generally consistent with industry sponsored studies. We completed enrollment of our CCGA study in February 2019, and follow-up with

participants is ongoing and expected to continue until 2024. The results of CCGA, in conjunction with the results from our PATHFINDER study, supported our launch of Galleri as an LDT in the United States.

The goals of CCGA included the development and evaluation of classifiers to distinguish cancer cfDNA from non-cancer cfDNA and the identification of classifiers for the cfDNA prediction of cancer signal origin. By enrolling people with and without cancer, we are able to characterize cfDNA profiles by tumor type and tumor stage in participants with cancer, and can compare these signals to participants without cancer. In addition, understanding the signals associated with population diversity is important to our ability to account for biological noise and develop high-specificity tests. For example, our machine learning algorithms are trained to distinguish patterns of cancer from technical and biological noise, which is necessary to distinguish cancer cfDNA from other cfDNA signals that are indicative of non-cancerous conditions but that may be confused with a cancer signal. As a result, we enrolled participants with confounding indications across broad populations, and individuals with varied age, sex, cancer risk factors such as smoking status, body mass index and comorbid conditions, to increase the generalizability of this population.

We evaluated data from the CCGA study in three pre-specified sub-studies, each as described in more detail below. The design of our CCGA study, including the three pre-specified sub-studies, is summarized in the figure below:




***CCGA-1***

In CCGA-1, our first CCGA sub-study of approximately 2,800 participants, we investigated various comprehensive cfDNA-based approaches for the detection of cancer signals and the prediction of the cancer signal origin, including through targeted sequencing to analyze single nucleotide variants and small insertions and deletions; WGS to analyze copy number variations, fragment lengths, fragment endpoints, and allelic imbalance; and WGBS to analyze methylation patterns. The data demonstrated that WGBS (the methylation-based assay studied) performed as well or better than the other prototype assays we tested, either alone or in combination, at both cancer signal detection and cancer signal origin prediction. After comprehensive analysis of these whole-genome methylation patterns, we discovered highly informative and low-noise methylation regions

for cancer signal detection and cancer signal origin prediction, suggesting that the methylation-based assay also had the most room for efficiency improvements. Based on these results, our methylation technology was advanced into further development, ultimately resulting in a targeted methylation approach that had superior performance and lower costs compared to whole-genome methylation. Data from this sub-study were shared in several oral and poster presentations at multiple major medical conferences, including at AACR, ASCO, and ESMO, and were published in *Cancer Cell*.

***CCGA-2***

The primary objective of the CCGA-2 sub-study was to train and validate a classifier for cancer detection versus non-cancer detection, and cancer signal origin prediction, utilizing our targeted methylation assay. This pre-specified sub-study included approximately 6,700 total participants across training and validation sets, with 4,487 participants from CCGA and 2,202 from STRIVE. Of the total participants, 2,482 participants had previously untreated cancers and 4,207 participants did not have cancer. More than 50 types of cancer across all clinical stages were represented.

Results from the CCGA-2 sub-study were published in the *Annals of Oncology* in March of 2020 (and reflected on the cover) and demonstrated that Galleri could detect a shared cancer signal across more than 50 different types of cancer, including many types of cancer that do not have recommended screenings, from a simple blood draw with very high specificity. Data was evaluated in both training and test sets, and performance was comparable across the two analyses. At greater than 99% specificity, Stage I-III sensitivity for a pre-specified set of 12 deadly types of cancer, which together account for approximately 63% of cancer deaths in the United States annually, was approximately 67% and for all cancers was approximately 55%. The cancer signal origin prediction was correct in more than 90% of true positive test results.

***CCGA-3***

CCGA-3, our third CCGA sub-study, was designed to further validate a version of the MCED test refined for use as a screening tool (Galleri) in a large cohort of participants with and without cancer. This pre-specified sub-study included 4,077 participants in an independent validation set (2,823 had cancer and 1,254 did not have cancer). Specificity, sensitivity, and cancer signal origin prediction accuracy were measured.

Results of the CCGA-3 sub-study were published in the *Annals of Oncology* in June of 2021, and confirmed that Galleri detects a shared cancer signal across more than 50 different types of cancer. Specificity for cancer signal detection was 99.5%. Stage I-III sensitivity for a pre-specified set of 12 deadly types of cancer, which together account for approximately 63% of cancer deaths in the United States annually, was approximately 68% and for all cancers was approximately 41%. The overall sensitivity for cancer signal detection was 52%. As expected, and as previously observed, sensitivity increased with stage (stage I: 16.8%, stage II: 40.4%, stage III: 77.0%, stage IV: 90.1%). The cancer signal origin prediction was correct in approximately 89% of true positive test results.

***STRIVE***

STRIVE is a prospective, observational, longitudinal cohort study in the United States that enrolled 99,481 women without a known cancer at the time of enrollment. Samples from a subset of women will be used to help further validate Galleri in an asymptomatic and intended use population. This study was initiated in February 2017 and completed enrollment in November 2018. Funding for the study is provided by us. Collaborators include, among others, the Cleveland Clinic, Henry Ford Health System, Mayo Clinic, and Sutter Health, and no serious adverse events have been identified. These collaborations are subject to terms generally consistent with industry sponsored studies. Each participant had a blood draw at the time of their regular screening mammogram. Participants diagnosed with any type of cancer had additional blood draws. Participants were followed for 30 months and thereafter, if they developed cancer, through state and national cancer registries. We collected

demographic information, such as age, race, and ethnicity, in addition to clinical information, such as cancer diagnoses, treatment, cancer-specific mortality, and overall survival. We utilized 2,202 samples for validation of an earlier version of Galleri and used 4,891 samples in a training set to support the version of Galleri we launched as an LDT. We have not used other samples to analyze or validate performance in an asymptomatic and intended use population to date, and thus we have not reported any interim findings or results from STRIVE. We plan to leverage the long-term follow up to help us understand how best to optimally use the remaining samples.

***SUMMIT***

SUMMIT is a prospective, observational, longitudinal cohort study that is being conducted in and around London, United Kingdom. Funding for the study is provided by us. Collaborators include University College London and University College London Hospitals, and no serious adverse events have been identified. These collaborations are subject to terms generally consistent with industry sponsored studies. The study is designed to further validate Galleri as an MCED test, including for lung and other smoking-related cancers, and to assess the feasibility of low-dose computed tomography ("LDCT") lung cancer screening in the United Kingdom. This study was initiated in April 2019 and completed enrollment in May 2023. The study enrolled 13,035 men and women between the ages of 50 and 77 who did not have a cancer diagnosis at the time of enrollment. Participants in the study are individuals at high risk for lung cancer due to significant smoking history based on validated risk scores. Participants provided three serial (annual) blood draws and are being followed annually for three years and then for a further five years through national health registries as well as medical records. The primary objective is to measure cancer incidence, which will be used to assess the test performance for sensitivity, specificity, PPV, and NPV.

Our SUMMIT study may also demonstrate the utility of MCED testing in a high-risk population by comparing performance of Galleri in detecting lung and other smoking-related cancers to that of LDCT. We expect to report interim results from the SUMMIT study in the first half of 2025.

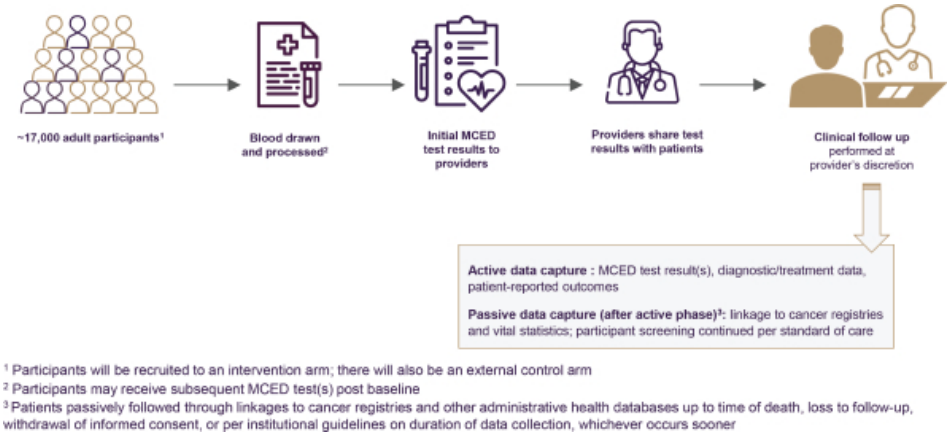
***REFLECTION***

REFLECTION is a multi-center, prospective, observational cohort study of patients administered Galleri as part of their medical care in a real-world setting in the United States that will enroll approximately 17,000 individuals. The purpose of the study is to evaluate and understand the real-world experience with Galleri in clinical settings. The objectives of the study are to describe cancer signal detection and cancer signal origin prediction within and across sites among participants who opt to receive Galleri in a real-world setting, to assess the feasibility and acceptability of Galleri from the perspective of participants and patient-reported outcomes, and to assess healthcare resource utilization associated with diagnostic workups for participants that receive a cancer signal detected result.

We began enrolling the REFLECTION study August 2021 and enrollment is ongoing at all sites. Funding for the study is provided by us. Collaborators include, or have previously included, Carolina Blood and Cancer Care Associates, Providence, U.S. Department of Veterans Affairs, and Vincere Cancer Center, and no serious adverse events have been identified. These collaborations are subject to terms generally consistent with industry sponsored studies.

We expect that data will be generated over time as enrollment increases across sites.

The design of our REFLECTION study is summarized in the figure below:

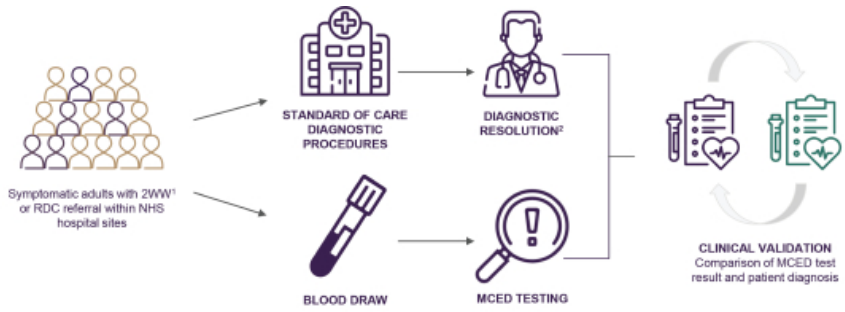



***SYMPLIFY***

SYMPLIFY evaluated the performance of MCED in symptomatic patients in the United Kingdom that were referred from the primary care setting due to clinical suspicion of cancer. This patient population represents a distinct patient population from Galleri's targeted asymptomatic screening population. This study was initiated in July 2021 and completed enrollment in November 2021. The SYMPLIFY study enrolled 6,238 participants aged 18 years and older in England and Wales. Funding for the study is provided by us. Collaborators includes Oxford University. This collaboration is subject to terms generally consistent with industry sponsored studies. Participants were referred for urgent imaging, endoscopy or other diagnostic modalities to investigate symptoms suspicious for possible gynecological, lung, lower GI or upper GI cancer, or who presented with non-specific symptoms. The most commonly reported symptoms leading to referral were unexpected weight loss (24.1%), change in bowel habit (22.0%), post-menopausal bleeding (16.0%), rectal bleeding (15.7%), abdominal pain (14.5%), pain (10.6%), difficulty swallowing (8.8%), and anemia (7.1%). In the study, the MCED test's cancer signal detected and cancer signal origin prediction results were compared with diagnoses results obtained through standard of care pathways. Data from the study demonstrated strong performance in this symptomatic population, and supported the feasibility of using an MCED test to assist clinicians with decisions regarding referrals from primary care. Data from the SYMPLIFY study were presented at ASCO in 2023 (in a podium presentation) and published in *The Lancet Oncology*, and we are using the results to support the development and launch of DAC.

In the study, 368 (6.7%) of the 5,461 evaluable patients were diagnosed with cancer through standard of care pathways. The most common cancer diagnoses were colorectal (37.2%), lung (22.0%), uterine (8.2%), oesophago-gastric (6.0%) and ovarian (3.8%). Our test detected a cancer signal in 323 participants, and cancer was diagnosed in 244 of these participants. The test demonstrated a PPV of approximately 75%, NPV of approximately 98%, sensitivity of approximately 66%, specificity of approximately 98%, and cancer signal origin prediction accuracy of approximately 90%. Among participants in the study, 6.7% of enrolled participants were eventually diagnosed with cancer, having already been referred by their primary care physician for investigation.

The design of our SYMPLIFY study is summarized in the figure below:




Note: 2WW, two-week-wait; GI, gastrointestinal; MCED, multi-cancer early detection; NHS, National Health Service; RDC rapid diagnostic center; SOC, Standard of Care
[1] 2WW lung, 2WW upper GI, 2WW GI, 2WW gynecological
[2] Within 3 months of enrollment. Where investigations had not been completed, updated information was sought within 9 months of enrollment

***REACH***

In November 2023, we initiated the Real-World Evidence to Advance Multi-Cancer Early Detection Health Equity REACH) study following FDA approval of our IDE application and CMS approval for Medicare coverage of the study. While timelines are still under development, the study will enroll approximately 50,000 participants across several health systems, and is designed to generate large-scale real-world evidence of Galleri performance and outcomes in the diverse Medicare population, which we believe represents one of the highest populations of unmet need for early cancer detection. The study seeks to compare up to 50,000 Medicare beneficiaries who have received usual care plus an annual Galleri test with a matched comparator arm of beneficiaries who receive usual care only. The clinical impact measures of interest in the study include reduction in diagnosed stage IV cancers, safety, and healthcare resource utilization associated with diagnostic workup for suspected cancer within the interventional arm compared to usual care. Medicare will fund the costs of Galleri and related and routine items and services for study participants.

**Commercialization**

***Established Commercial Leadership in a Pre-Reimbursement Setting***

We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships, including leading healthcare systems, employers, payors, and life insurance providers. We have also established a network of over 10,000 prescribers in the pre-reimbursement setting, with prescribers in private practices across the United States. As of March 31, 2024, our commercial organization included over 400 personnel supporting our multi-channel strategy. We believe we currently have the largest share of the market for MCED testing, and we continue to build the key components of our commercial infrastructure and capabilities that are required to support rapid, population-scale testing in a post-reimbursement environment.

***Our Commercial Strategy in the United States is Focused on Innovative Value-oriented Partnerships***

Our strong commercial adoption is underpinned by our ability to demonstrate clinical utility and economic value even before obtaining broad reimbursement coverage. We are driving adoption in the following key channels:

- **Health systems**. We have partnered with over 40 health systems as of March 31, 2024 that offer Galleri, typically as part of a comprehensive screening program with patient and physician support

services. We believe many of these health systems view Galleri as a key differentiating offering to patients. We have streamlined the implementation of Galleri for these partners, often connecting the health system's electronic medical record system with our software systems. This bolsters our position as the partner of choice for establishing early cancer detection programs. Many health systems are investing in robust programs in population health management and precision medicine, of which Galleri is a key feature, and have developed novel care navigation pathways. With these novel pathways, a positive test result can result in patients being referred within the health system. We believe our experience with these partners will allow us to rapidly scale upon broad reimbursement for Galleri.

- **Employers**. As of March 31, 2024, we have engaged over 80 employers who offer Galleri as a benefit to eligible employees. We target medium and large self-insured employers with compelling and innovative healthcare offerings that are designed to attract and retain employees and to deepen health equity among employees. Cancer treatment costs now represent the highest spend category for self-insured employers according to the most recent Business Group on Health's 2023 Large Employers' Health Care Strategy and Plan Design Survey. Galleri offers earlier cancer detection to help reduce these costs. Our employer customer base includes large tech companies, large life insurance companies, professional services companies, major health systems, and educational institutions, among others.
- **Life insurance providers**. We have partnered with several leading life insurance providers to provide Galleri to their policyholders. Life insurers are committed to helping customers live longer, healthier, better lives and understand that preventative care and early detection are key to that mission. Galleri is offered by these providers as a preventative health benefit and is not used for underwriting, risk assessment or risk pooling.
- **Physician-directed channels**. We believe Galleri is compelling to physicians whose patients are focused on preventive health and wellness as well as to concierge and executive health practices. The physician practices we are targeting are known to offer innovative, cutting-edge health offerings, and market research suggests the members are willing to invest in differentiated healthcare services. We are targeting physicians serving this market segment in all major metropolitan population centers in the United States with our field-based sales team. Concierge medicine has been a key early adopter of Galleri. As our strategy evolves in the physician-directed channel, we are working to educate physicians and patients on the benefits of annual screening.
- **Payors**. We have announced pilot or benefit programs with leading payors and continue to engage with other progressive payors. These programs allow for measurement of the clinical utility and economic value of Galleri. These payors include Medicare Advantage plans, which generally must cover all of the services that traditional Medicare covers, but they have the discretion to offer their enrollees additional or supplemental benefits. This also includes early-adopting commercial payors.
- **First Responders**. We have worked with clinics, fire departments, municipalities, and unions to make Galleri available to firefighters who generally have exposure-related increased risk of cancer and are actively screening their populations and seeking new approaches. To date, thousands of firefighters have been tested with Galleri across more than 40 fire departments nationally.

***Reimbursement Landscape for Screening Tests***

*United States*

Traditional fee-for-service Medicare generally does not cover screening tests, which are considered preventive services, that are performed in the absence of signs or symptoms of illness or injury, unless there is a statutory provision that explicitly authorizes coverage of the test. The Medicare Improvements for Patients and Providers Act of 2008 authorizes the Centers for Medicare and Medicaid Services ("CMS") to cover additional preventive services that are not expressly covered by the statute if the service is (a) reasonable and necessary for the prevention or early detection of an illness or disability, (b) recommended with a grade of A or B by the

USPSTF, an independent, volunteer panel of experts in the field of prevention, evidence-based medicine and primary care, and (c) appropriate for Medicare beneficiaries under Part A or Part B. CMS establishes coverage through a national coverage determination ("NCD") process. In its discretion, the USPSTF generally waits for FDA authorization before it considers undertaking reviews of novel technology.

Because MCED is not expressly authorized for coverage by the Medicare statute, one possible pathway for Medicare reimbursement is to first obtain FDA approval and then obtain a grade of A or B recommendation from USPSTF, to enable CMS to issue an NCD. The last cancer screening test to receive a recommendation from USPSTF with a grade A/B and obtain Medicare coverage was LDCT to screen high-risk smokers for lung cancer in 2015.

Medicare coverage can also be changed by statute, thus a second possible pathway for Medicare reimbursement would be to amend the Medicare statute to cover MCED. This process would generally require new legislation to expressly authorize CMS to cover FDA-approved early cancer screening and detection tests. We are working with stakeholders to advance and shape the public reimbursement landscape to reflect that additional scope of coverage. Galleri is currently offered as an LDT in our CAP-accredited and CLIA-certified laboratories. We have a Breakthrough Device designation with the FDA and have begun the modular PMA submission process, which we expect to conclude with data from our ongoing pivotal studies. Under our Breakthrough Designation, interactions with the FDA have resulted in an anticipated timeline to submission, which we anticipate making in the first half of 2026. Nonetheless, the FDA requirements that will govern multi-cancer detection tests, as well as the breadth and nature of data we must provide the FDA, to support the proposed intended use, may be subject to change, and as such, it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use. Following FDA approval and assuming a statutory change in the reimbursement landscape, we plan to pursue broad reimbursement, for example, through Medicare reimbursement, and subsequently pursue inclusion of Galleri in the USPSTF guideline recommendation.

*United Kingdom—Commercial agreement with NHS*

In November 2020, we established a partnership with NHS England. The NHS-Galleri Trial, which was undertaken as part of the partnership established by our commercial agreement with NHS England, is a large randomized controlled trial taking place across eight regions in England. The trial aims to assist with the United Kingdom's ambitions for early cancer detection and to assess Galleri for potential population screening on a national scale. The primary objective of the trial is to assess whether implementation of Galleri can reduce the incidence of late-stage cancers through early cancer detection.

The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. In the event that we proceed with commercial implementation following such results, we expect that our partnership with the NHS would be our first national system implementation. Given that the NHS has a reputation for high evidence standards for new technologies, we expect NHS approval and implementation would expand adoption in the United Kingdom and could also facilitate adoption in other single payor systems around the world. The Galleri test is UKCA marked.

*Other International*

We intend to explore the launch of Galleri in select other geographies, including through distributors.

**Operations**

***Significant Investments for Scale***

We have made significant investments for scale in our CAP-accredited and CLIA-certified laboratory facilities in Menlo Park, California and Durham, North Carolina and demonstrated execution with more than

450,000 clinical and commercial individual samples processed through March 31, 2024. We have an established footprint in the United States and United Kingdom, with operations in Durham, North Carolina, Washington, D.C., and London, United Kingdom.

In total we have approximately 65,000 square feet of CAP-accredited, CLIA-certified laboratory space and laboratory support with sufficient capacity to support multiple years of growth. We have made significant investments to our Durham laboratory to improve the automation, including development of a fully automated laboratory testing platform consisting of robotic work cells connected by a central track system to increase efficiencies and reduce costs. Our lab operates 16 hours a day, seven days a week, and uses automation and other technology to reduce staff exposure to complicated, dangerous, repetitive, or injury-prone work. We believe that our current facilities are sufficient to meet our current and anticipated near-term needs.

***Supply Chain and Agreements***

Our supply chain includes industry leading vendors and we maintain significant supplies on hand of both laboratory consumables and other materials to avoid work stoppages and material delays. We rely on a limited number of suppliers, or in some cases, sole suppliers, to provide certain materials for our products and services. For example, Illumina, Inc. is our primary supplier of sequencers and certain laboratory reagents, Madison (who acquired our blood collection tube manufacturer Streck, Inc. in 2023) is our sole supplier of tubes used for sample collection and Twist is the sole supplier of our DNA probes. We rely on standard commercial carriers for the delivery of samples to our laboratories.

Our supply strategy is to maintain raw material and released reagent supplies at levels that ensure our clinical laboratories can maintain continuous operations 365 days a year. We utilize a risk-based approach such that higher risk materials (e.g, sole-sourced or more vulnerable supply chains) have a higher safety stock and lower risk materials (e.g, multi-sourced) may have lower safety stock levels.

We have entered into supply agreements with various parties, including Illumina, Madison, and Twist. In January 2016, we entered into a supply and commercialization arrangement with Illumina, which agreement was amended and restated in February 2017 and subsequently further amended ("Supply Agreement"). Pursuant to the Supply Agreement, Illumina granted us non-exclusive rights to use certain Illumina know-how and technology with Illumina products purchased under the agreement. Under the terms of the Supply Agreement, regardless of whether our products incorporate any Illumina technology, we were obligated to pay Illumina a high single-digit royalty, subject to certain reductions and floors, in perpetuity on net sales generated by our products or revenues otherwise generated or received by us, subject to certain exceptions, in the field of oncology. In August 2021, following Illumina's acquisition of us, the Supply Agreement was amended to suspend the perpetual royalty payment obligation to Illumina as long as we are an affiliate of Illumina or as long as any successor to us or any substantial part of our business is held by Illumina or an affiliate of Illumina. In connection with our separation from Illumina via the Spin-Off, we will no longer be an affiliate of Illumina, and the Supply Agreement will be further amended to extend the suspension of the perpetual royalty agreement until the earlier of two-and-a-half years or any earlier change of control of GRAIL, at which time royalty payments to Illumina will resume, without retroactive effect. In addition, upon the execution of such amendment, we may elect to purchase instruments, supplies, and services from Illumina either pursuant to Illumina's universal pricing terms applicable to all of its for-profit oncology customers in the United States since March 2021, as updated (the "Open Offer") or the pricing terms we had prior to Illumina's acquisition of us (the "Grandfathered Pricing").

**Industry Participants**

There are other companies, such as Adela, Inc., DELFI Diagnostics, Inc., Exact Sciences Corporation, Freenome Inc., Guardant Health, Inc., and Harbinger Health within the United States and AnchorDx, Anpac Bio-Medical Science Co., Ltd., Burning Rock Biotech Limited, Datar Cancer Genetics, Elypta AB, Gene Solutions JSC, Singlera Genomics, Inc. and Seekin, Inc. outside of the United States, among others, that are attempting to develop tests to detect certain types of cancer early, including some that will use cfDNA analyses. Some of these companies may have substantially greater financial and other resources than we have, such as larger research and development staff and well-established

marketing and sales forces, or may operate in jurisdictions where lower standards of evidence are required to bring products to market. For example, we are aware that some companies have conducted large-scale clinical studies for single-cancer early detection tests, including Guardant Health, Inc., Exact Sciences Corporation and Freenome Inc. in colon cancer, as well as AnchorDX in lung cancer (pulmonary nodules). In addition, other established diagnostic, medical technology, biotechnology, or pharmaceutical companies may decide in the future to invest to accelerate discovery and development of similar tests. If any tests are developed by these companies and do not perform to expectations or cause harm or injury to patients, it may result in lower confidence in early cancer detection tests in general, which could potentially adversely affect confidence in our products and services.

Given the numerous and rigorous requirements for a successful cancer detection test, we do not believe many companies would have the financial resources to invest in population-scale clinical studies and rigorous analytics to compete with our products. Further, among companies pursuing an early-detection product, we believe we are substantially differentiated by our robust intellectual property portfolio, extensive research, rigorous and objective approach, and multidisciplinary capabilities, which leverage the power of NGS, population-scale clinical studies, and advanced and trained machine learning algorithms and data science. We believe we are further differentiated by the extent of our investment in our facilities and operational workflows, including our high-capacity laboratories, which we built for rapid, automatic processing of samples and to scale as we grow and process more tests.

Additionally, certain of our other products in development, such as DAC, and our precision oncology offerings, could compete against a number of companies that are working to leverage blood-based technologies to improve cancer care. Many companies such as Roche / Foundation Medicine, Inc., Natera, Inc., Guardant, Inc., Tempus Labs, Inc., Invitae Corp., NeoGenomics Laboratories, Personalis, Inc., Twist Bioscience Corp. and Adaptive Biotechnologies Corp., among others, currently provide or are developing technologies focused on improving cancer care after a diagnosis of cancer is made, including enabling selection of therapy, monitoring of therapy, or detection of relapsed disease. Unlike with respect to MCED testing, precision oncology is a very competitive space with many industry participants. However, as DAC and our precision oncology portfolio leverage our methylation platform, we believe we are differentiated by the extent of the quality of our methylation platform and our investments to develop such platform through our population-scale clinical studies, rigorous analytics and machine learning expertise.

**Intellectual Property**

Our success depends in part on our ability to obtain and maintain intellectual property protection for our products and technology, including by seeking and maintaining patent protection, protecting our trade secrets and other proprietary information, obtaining and maintaining our licenses to use intellectual property owned by third parties, and continually evaluating third-party technologies for further licensing opportunities. We also seek trademark protection where appropriate to protect the names that identify us as the source of our products and services.

We own certain patents, patent applications, and other intellectual property, and also exclusively license certain patents, patent applications, and other intellectual property from third parties, including the Chinese University of Hong Kong. Our patent portfolio broadly relates to methods, techniques, systems, and chemistry used to generate and analyze data using our proprietary bioinformatics and classifiers, including, for example, cfNA sequencing, marker panels, methylation signatures, bioinformatics techniques and biologically directed machine learning classifiers, which are incorporated into or used for Galleri, our precision oncology portfolio, and DAC. We have also entered into certain supply and commercial agreements with various vendors and suppliers, including Illumina, under which we receive rights to their intellectual property for use in our products. Our material licenses and other agreements are described in more detail below.

As of March 31, 2024, we own or co-own more than 130 issued or granted patents and more than 630 pending patent applications globally, including 35 issued U.S. patents, 99 patents granted across Australia, Belgium, Canada, Switzerland, China, Denmark, Germany, Europe, France, the United Kingdom, Hong Kong, Indonesia, Ireland, Italy, Japan, Luxembourg, Malaysia, Netherlands, Norway, Sweden, Spain, Singapore, and Taiwan, and more than 160 pending U.S. non-provisional and provisional patent applications.

We also have exclusive licenses to approximately 530 issued or granted patents and more than 210 pending patent applications globally, including 54 issued U.S. patents and 476 patents granted across Albania, Austria, Australia, Belgium, Bulgaria, Brazil, Canada, Switzerland, China, Cyprus, Czechia, Germany, Denmark, Eurasia, Europe, Estonia, Spain, Finland, France, the United Kingdom, Greece, Hong Kong, Croatia, Hungary, Indonesia, Ireland, Israel, India, Iceland, Italy, Japan, South Korea, Lithuania, Luxembourg, Latvia, Monaco, North Macedonia, Macao, Malta, Mexico, Malaysia, Netherlands, Norway, New Zealand, Poland, Portugal, Romania, Serbia, Sweden, Singapore, Slovenia, Slovakia, San Marino, Turkey, Taiwan, and South Africa, and more than 30 pending U.S. non-provisional and provisional patent applications. We believe these patents cover, and that these patent applications upon grant will cover, various aspects of Galleri, DAC, and our precision oncology portfolio.

Of particular importance within our sizable patent portfolio are patents that relate to various aspects of our current commercial products such as Galleri. For example:

- with respect to methylation analysis, which is a foundational technology underlying our current products, we own or exclusively license 79 granted patents directed to systems, software, methods, mixtures, or kits for methylation analysis in Australia, Belgium, Brazil, Canada, Switzerland, Germany, Denmark, Eurasia, Europe, Spain, France, the United Kingdom, Hong Kong, Indonesia, Ireland, Israel, Italy, Japan, Korea, Luxemburg, Mexico, Malaysia, Netherlands, Norway, New Zealand, Poland, Portugal, Sweden, Singapore, Turkey, Taiwan, the United States, and South Africa. These patents are expected to expire between 2033 and 2040, subject to our payment of applicable maintenance fees and annuities;
- with respect to our technology for determining cancer type through identification of cancer signal of origin, we own or exclusively license 17 granted patents directed to systems, software, methods, or kits for determining cancer signal of origin in Australia, China, Israel, Japan, Korea, Mexico, Malaysia, Singapore, Taiwan, and the United States. These patents are expected to expire between 2033 and 2041, subject to our payment of applicable maintenance fees and annuities; and
- with respect to our assay chemistry and techniques for preparing and optimizing patient samples for analysis, we own or exclusively license 32 granted patents directed to methods, assay panels, compositions, or software for assay chemistry and techniques in Belgium, Switzerland, China, Germany, Europe, France, the United Kingdom, Hong Kong, Netherlands, Sweden, and the United States. These patents are expected to expire between 2034 and 2042, subject to our payment of applicable maintenance fees and annuities.

Our patent portfolio also includes granted patents and pending patent applications directed to other technologies that may have varying levels of importance to our current and future products, including, for example:

- systems, methods, kits, mixtures, and probes for sequencing, library preparation and enrichment (28 patent families with 77 granted patents and 58 pending applications; granted patents expected to expire between 2027 and 2042);
- methods and nucleic acid constructs for error correction for identifying somatic variants (3 patent families with 53 granted patents and 18 pending applications; granted patents expected to expire between 2030 and 2038);
- systems and methods for variant based assessment of cancer (13 patent families with 31 granted patents and 59 pending applications; granted patents expected to expire between 2033 and 2038);
- systems, software, and methods for sequencing based assessment of copy number aberrations in cancer (9 patent families with 83 granted patents and 57 pending applications; granted patents expected to expire between 2028 and 2042);
- systems, software, and methods for fragment length assessment in cancer detection (11 patent families with 102 granted patents and 93 pending applications; granted patents expected to expire between 2031 and 2039);

- systems, software, methods, and compositions for fragmentation based assessment of cancer (9 patent families with 39 granted patents and 82 pending applications; granted patents expected to expire between 2030 and 2039); and
- systems, software, and methods for viral based assessment of cancer (6 patent families with 19 granted patents and 56 pending applications; granted patents expected to expire between 2038 and 2040).

The expiration dates described above may not account for all potentially available patent term adjustments and are subject to our payment of applicable issue fees, maintenance fees and annuities. Patent expiration dates are estimates based on our calculations, taking into account terminal disclaimers and patent term adjustments.

Our in-licensed patents and patent applications, if issued as patents, expire or would be expected to expire, at the earliest, in 2027, absent any potentially available patent term adjustment and assuming our timely payment of applicable issue fees, maintenance fees and annuities. Our owned or co-owned patents and patent applications, if issued as patents, expire or would be expected to expire, at the earliest, in 2037, absent any potentially available patent term adjustment and assuming our timely payment of applicable issue fees, maintenance fees and annuities. The term of these patents depends upon the laws of the countries in which they are obtained, and in most countries in which we file, is 20 years from the earliest date of filing of a non-provisional patent application. A provisional patent application is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the provisional patent application. If we do not timely file 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. In the United States, patent term adjustments may be available depending upon the time the United States Patent and Trademark Office takes to examine and eventually issue a patent, and the patent term may be shorter than 20 years if we disclaim a portion of the patent term to overcome double patenting rejections. The protection of patents may vary on a country-by-country and claim-by-claim basis, which can vary the scope of protection afforded by such patents. In addition, we must generally pay fees to maintain our patents annually or at other specified intervals, or risk the patent lapsing. We cannot provide any assurance that any of our current or future owned or licensed patent applications will result in the issuance of patents in any jurisdiction, or that any of our current or future owned or licensed issued patents will effectively protect any of our products or technology or prevent others from commercializing competitive products or technology. Even if any of our current or future owned or licensed patent applications are granted as issued patents, those patents may be challenged, circumvented or invalidated by third parties.

We recently faced an opposition from anonymous challengers against one of our in-licensed European patents. The patent does not relate to aspects of Galleri, DAC or our precision oncology portfolio. The challengers asserted that this granted patent was invalid over prior art, among other arguments. The opposition concluded with the patent claims being maintained in amended form. The challengers have filed an appeal. While we believe that this patent is valid, there is a risk that the patent could be invalidated in its entirety, or certain claims of this patent could be amended and narrowed in scope during the appeal.

*License Agreements with the Chinese University of Hong Kong*

We have entered into five license agreements with the Chinese University of Hong Kong, each on substantially similar terms and with two dated April 7, 2016 and three dated May 29, 2017. Pursuant to these agreements, the Chinese University of Hong Kong has granted exclusive, worldwide intellectual property licenses to us for the use of certain nucleic acid sequencing and analysis technologies in all fields under one license and in all fields except prenatal diagnostics, prognostications, or analysis under four licenses. The Chinese University of Hong Kong reserves the right to use its technology for internal research and education purposes and for fulfilling governmental contractual obligations (to the extent they exist). Three of the licenses are subject to certain non-exclusive license rights granted by the Chinese University of Hong Kong to a certain third party, solely for such third party's internal research purposes in the field of cancer detection, cancer prognostication and other analysis for the screening and management of cancer.

To the extent our products use the licensed technology, such as our current Galleri, precision oncology and DAC products, we are required to pay the Chinese University of Hong Kong low single-digit percentage royalties on net sales of such products, subject to minimum annual guarantees, which began in 2018. In addition, for any sublicense of the licensed technology, we are obligated to pay the Chinese University of Hong Kong a specified portion of the revenue we receive from sublicensing. Our royalty and sublicense payment obligations with respect to each license for each product containing any licensed technology extends until the expiration or termination of such license, which shall be the later of a low double-digit number of years from our payment of the license issue fee or expiration of the last-to-expire licensed patent. We are additionally obligated to reimburse the Chinese University of Hong Kong for costs and expenses related to the filing, prosecution, maintenance, and defense of the licensed patents and patent applications.

Under these license agreements, we are obligated to use specified efforts to reach milestones relating to the development and sale of products that use the Chinese University of Hong Kong's technology, and our failure to do so could result in termination of the license agreements. The Chinese University of Hong Kong may also terminate the agreements under certain other circumstances, such as our uncured material breach of the agreements or cessation of our business. We may terminate the agreements at any time at our convenience, provided we give the Chinese University of Hong Kong a certain period of notice. We can also terminate the agreements for the Chinese University of Hong Kong's uncured material breach.

*Trade Secrets*

We also rely on trade secret protection for our confidential and proprietary information. Included in our trade secrets are the data from our genomics studies, various aspects of the operation of our laboratories, and various aspects of the algorithms used to process our data. Trade secrets are difficult to protect. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees, contractors, and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology via unauthorized means, such as hacking by private or state actors. Although state and federal courts in the United States are generally willing to protect trade secrets, some courts inside and outside the United States are less willing or unwilling to protect trade secrets.

For further discussion of the risks relating to our intellectual property, see "Risk Factors—Risks Relating to Intellectual Property."

**Properties**

Our principal office and laboratory is approximately 74,300 square feet and located at 1525 O'Brien Drive, Menlo Park, California. We amended the related lease in June 2017 to add approximately 57,400 square feet at 1605 Adams Drive, Menlo Park, California. Our lease expires in 2026 and we have an option to extend the lease for an additional five years.

In June 2020, we entered into an agreement to lease approximately 200,000 square feet of a building in Durham, North Carolina. Our lease expires in 2033 and we have three separate options to extend the lease, each for an additional five years.

We hold CLIA Certificates of Accreditation Registration from the CMS and accreditations from CAP for our laboratories in Menlo Park, California, and Durham, North Carolina, and a Clinical Laboratory Certificate of Deemed Status from the State of California Department of Public Health. Our Menlo Park, California laboratory also holds a Clinical and Public Health Laboratory License from the California Department of Public Health.

We believe that our facilities are sufficient to meet our current and anticipated near-term needs.

**Employees and Human Capital**

As of March 31, 2024, we had approximately 1,360 full-time employees, the majority of which are based in the United States. We also engage with contractors, vendors, and consultants. We have invested substantial time

and resources into building our team. Our success depends in large part on our collective effort across our areas of expertise and across sites in Menlo Park, California, Durham, North Carolina, Washington, D.C., and London, United Kingdom. Therefore, it is crucial that we continue to attract and retain high-performing employees from all demographics by providing competitive compensation and benefits, and fostering a diverse, inclusive, and safe workplace, while making opportunities for all employees to grow and develop in their careers. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We consider our relationship with our employees to be good.

Since our founding, we have built an entrepreneurial culture, driven to improve outcomes for cancer patients. Our collective mission is to *detect cancer early, when it can be cured*. This mission statement is an expression of our philosophy and culture to improve cancer care and drive to improve better outcomes for cancer patients. We are led by a multidisciplinary team with extensive experience across biotechnology, life sciences, public health, genomics, computer science, data science, biostatistics, clinical development, medical affairs, government and regulatory affairs, quality assurance, and laboratory and commercial operations. We believe this confluence of talent from multiple disciplines has enabled us to make significant progress in improving cancer care and will enable us to remain at the forefront of our industry.

***Fostering a Culture of Inclusivity and Belonging***

We are an innovation-driven company where diversity, inclusion, and equity are critical drivers to our success. We embrace talent from all backgrounds, seek out diverse perspectives, and facilitate and invite open and authentic conversations. Our diverse employee pool includes expertise across the specialties that drive our business. Our diverse employee pool includes expertise from individuals with a variety of backgrounds and specialties, enriching our collective knowledge and skill-base.

We are investing in culture and creating opportunities to build community for our employees. We currently have six employee resource groups (“ERGs”), which are sponsored by members of our executive and senior leadership teams. ERGs are employee-led groups that can help create a more inclusive culture and amplify the voices of employees with shared identities and experiences across the company. We have invested in resources to educate our employees on building an inclusive culture and on recognizing and managing bias. Our leadership is committed to actively promoting and fostering a community of belonging and inclusivity where all employees feel inspired and empowered to innovate, collaborate, and deliver on our mission.

We believe that our company culture helps us to achieve our mission and is a core driver of our success.

- *Embrace Change*—We operate in a dynamic environment. We need to mirror the external world and be agile, adaptive, and able to adjust course to move in the direction required.
- *Solve Problems Together*—Working together allows us to take on increasingly complex problems.
- *Think BIG*—We are leading BIG changes that require a long runway, and we’ll succeed by keeping our mission in sight as we work toward long-term goals.
- *Be Courageous*—We are going up against entrenched ways of thinking, which requires boldness, determination, and courage.
- *Bring an Open Mind*—We seek to improve cancer care, which requires engaging everyone in a conversation around what’s needed, what’s possible, and how to approach problems in different ways with creative thinking. We’re open-minded, curious, and always learning.

Each value has defined behaviors that link to our leadership attributes and our programming to keep our values as the cornerstone for how we show up with one another and support our customers. These values are embedded in our recruiting and hiring practices and performance management. We believe that our focus on our values helps support a culture of inclusivity and belonging. We operate from a place of openness, taking initiative to drive our shared success, while seeking input in order to grow ourselves and our customers.

***Compensating and Supporting Our Colleagues***

We are committed to providing equitable compensation opportunities to attract and retain accountable, team-oriented, high-performing colleagues with the purpose of driving our mission. We consider external market data as well as internal parity considerations when making compensation decisions using data-informed actions to build desirable programs. To incentivize top performance, we aim to differentiate pay increases and incentive programs in recognition of colleague contributions aligned to the success of the business.

We take a holistic approach to supporting employee well-being through providing eligible colleagues and their eligible dependents with competitive health and wellness benefits, retirement savings plans, and work-life options designed to provide flexibility to thrive. We also provide flexible time off and other opportunities to enable balance. We are also devoted to investing in the development of our colleagues through learning and development opportunities to help them achieve their personal and professional goals.

**Government Regulations**

We are subject to complex and frequently changing national, state, and local laws and regulations that govern various aspects of our business. In many jurisdictions, including the United States, the clinical laboratory and medical device industries must operate in accordance with extensive and complex legal standards, including laws and regulations related to certification, licensing, development, research, testing, manufacturing, laboratory operations, distribution, ordering and billing practices, advertising, promotion, marketing, sales and pricing practices, anti-markup practices, health information privacy and security, and consumer protection and unfair trade practices.

In the United States, the laws and regulations governing the marketing of diagnostic products are evolving, extremely complex, and in some instances, there are no significant regulatory or judicial interpretations of these laws and regulations. Clinical laboratory tests are regulated under CLIA, as well as by applicable state laws. In addition, the Federal Food, Drug and Cosmetic Act ("FDC Act") defines a medical device to include any instrument, apparatus, implement, machine, contrivance, implant, *in vitro* reagent, or other similar or related article, including a component part or accessory intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease in man or other animals. The tests we are developing and marketing are considered by the FDA to be subject to regulation as medical devices. Among other things, pursuant to the FDC Act and its implementing regulations, the FDA regulates the research, testing, manufacturing, safety, labeling, storage, recordkeeping, premarket clearance or approval, marketing and promotion, and sales and distribution of medical devices in the United States to ensure that medical products distributed domestically are safe and effective for their intended uses. The FDA has statutory authority to assure that medical devices are safe and effective for their intended uses, but the FDA has historically exercised its enforcement discretion and not enforced certain applicable provisions of the FDC Act and regulations with respect to LDTs. However, the FDA recently issued a final rule to phase out its enforcement discretion with respect to LDTs, which makes LDTs subject to the FDA's medical device authority.

***U.S. Regulation***

*Clinical Laboratory Improvement Amendments of 1988 (CLIA)*

We are required to obtain and hold certain federal and state licenses, certificates, permits and accreditations to offer our products in the United States through our laboratory facilities in Menlo Park, California, and Durham, North Carolina. In 1988, Congress passed CLIA, establishing rigorous quality standards for laboratories in the United States that perform testing on human specimens for the purpose of providing information for the diagnosis, prevention, or treatment of disease or impairment of, or the assessment of the health of, human beings. Such testing may also include procedures to determine, measure, or otherwise describe the presence or absence of various substances or organisms in the body.

CLIA requires such laboratories to be certified by the federal government and mandates compliance with ongoing requirements intended to ensure the accuracy, reliability, and timeliness of medical test results. CLIA certification is also a prerequisite to be eligible to bill federal and state healthcare programs, as well as many commercial third-party payors, for laboratory testing services. We hold CLIA Certificates of Accreditation from the CMS and accreditations from CAP for our Menlo Park, California and Durham, North Carolina laboratories, and a Clinical Laboratory Certificate of Deemed Status from the State of California Department of Public Health. Our Menlo Park, California laboratory also holds a Clinical and Public Health Laboratory License from the California Department of Public Health. In order to obtain a CLIA certification, a laboratory must validate the test (ensure and document that the test provides accurate and reliable test results) and add the applicable specialty or subspecialty to the test menu. Before introducing and reporting patient results from an LDT, a laboratory is required to establish the specifications for a variety of performance characteristics, including accuracy, precision, analytical sensitivity, analytical specificity, reportable range, and reference interval. Such analytical validation is based on, among other things, the specific conditions, staff, and equipment of the particular laboratory.

Prior to offering a new test at our laboratories, we must also satisfy certain notification requirements to change our testing menu, such as notifications to regulatory and accrediting bodies, CMS, the California Department of Public Health Laboratory Field Services, and CAP. At their discretion, any of these entities may inspect our clinical laboratory at any time. In connection with a CLIA certification, laboratories are subject to routine survey and inspection every other year, as well as additional random or "for cause" inspections. Under CLIA, a survey is generally conducted every two years by CMS, a CMS agent (typically a state agency), or, if the laboratory holds a CLIA Certificate of Accreditation, a CMS-approved accreditation organization (for example, CAP). The routine biennial survey includes review of the laboratory's analytical validation of any LDTs performed by the laboratory.

Penalties for non-compliance with CLIA requirements include a range of enforcement actions, including suspension, limitation or revocation of the laboratory's CLIA certificate, as well as directed plan of correction, state on-site monitoring, civil monetary penalties, civil injunctive suit or criminal penalties.

CLIA provides that a state may adopt laboratory regulations that are more stringent than those under federal law, and a number of states have implemented their own more stringent laboratory regulatory requirements. State laws may require that laboratory personnel meet certain qualifications and obtain licenses, specify certain quality control procedures and facility requirements, or prescribe record maintenance requirements. For more information on state licensing and other requirements, see "—State Licensing Laws."

*State Licensing Laws*

In addition to the federal certification requirement for laboratories under CLIA, many states require licensure for laboratories under state law. For example, both California and North Carolina require laboratories to maintain in-state licenses to conduct testing in the state. In addition to in-state licensing requirements, certain states require licensing of out-of-state laboratories when specimens are collected or received from patients in such states. The state laboratory licensure requirements establish standards for the day-to-day operation of a clinical laboratory, including the training and qualifications required of personnel, quality control, and proficiency testing. Moreover, certain states, such as New York, require state approval of certain tests, including certain tests that have not been cleared or approved by the FDA (such as LDTs), through a premarket submission containing, among other information, documentation relating to device analytical and clinical performance data. The New York Department of Health also mandates proficiency testing for laboratories granted a permit under New York State law, regardless of whether or not such laboratories are located in New York. Clinical laboratory licensing laws in certain states, however, do not apply to laboratories operated for research purposes that do not return patient-specific results for the purpose of diagnosis or treatment.

Non-compliance with state laboratory licensure requirements may cause the state agency to suspend, restrict, or revoke a license to operate the clinical laboratory, disapprove a licensure application, assess

substantial civil money penalties, require onsite monitoring or impose specific corrective action plans. Certain statutory or regulatory noncompliance may also result in misdemeanor charges under state law. CLIA does not preempt state laws that have established laboratory quality standards that are at least as stringent as the federal law requirements under CLIA.

In addition to laboratory licensing, certain states, including California, impose registration and/or licensing requirements on companies that manufacture medical devices. These laws can apply to a manufacturer before its products are commercialized, including when a company is evaluating its product candidates in clinical trials. Violations of these laws may result in the denial, suspension, or revocation of the registration or license, as well as other fines and penalties, including imprisonment.

*U.S. Food and Drug Administration*

In the United States, laboratory tests, such as Galleri and DAC, are subject to regulation by the FDA under the FDC Act and its implementing regulations, and other federal and state statutes and regulations. The laws and regulations govern, among other things, medical device development, testing, manufacture, labeling, storage, premarket clearance or approval, advertising and promotion, export, import, and product sales and distribution.

*Laboratory Developed Tests*

Under the FDA's regulatory framework, *in vitro* diagnostic devices ("IVDs"), such as Galleri and DAC, are a type of medical device, including tests that can be used in the diagnosis or detection of diseases, such as cancer, or other conditions. The FDA considers LDTs to be a subset of IVDs that are intended for clinical use and are designed, manufactured, and used within a single laboratory. Although the FDA has statutory authority to assure that medical devices, including IVDs, are safe and effective for their intended uses, the FDA has historically exercised its enforcement discretion and not enforced certain applicable provisions of the FDC Act and regulations with respect to LDTs, with certain exceptions such as in the case of tests for public health emergencies or where the tests are offered directly to the consumer. Even under its current enforcement discretion policy, the FDA has issued warning letters to and safety communications about *in vitro* diagnostic device manufacturers for commercializing laboratory tests that were purported to be LDTs but that the FDA alleged failed to meet the definition of an LDT or otherwise were not subject to the FDA's enforcement discretion policy.

The FDA has for a number of years stated its intention to modify its enforcement discretion policy with respect to LDTs and impose applicable medical device requirements to LDTs more broadly. Most recently, the FDA proposed an amendment to its regulations in October 2023 that was finalized in May 2024. This final rule clarifies the FDA's historical view that LDTs are medical devices subject to the requirements applicable to other IVDs, and the FDA plans to phase in the enforcement of medical device requirements to LDTs over a period of four years.

In connection with the final rule, the FDA established certain new, targeted enforcement discretion policies, including, among others, for LDTs marketed as of the date of publication of the final rule (May 6, 2024), as well as for LDTs that have received approval from New York State's Clinical Laboratory Evaluation Program ("NY CLEP"). Specifically, the FDA intends to exercise enforcement discretion and not enforce certain medical device requirements (including the requirements for marketing authorization and compliance with certain elements of the Quality System Regulation ("QSR")) with respect to LDTs that were marketed as of the date of the final rule's publication, although such products must still comply with certain other FDA requirements, including registration and listing, portions of the QSR, medical device reporting, labeling, and corrections and removals reporting. However, where these tests are modified in certain ways from the version of the test marketed as of the final rule's publication date, this enforcement discretion policy will no longer apply and the FDA intends to enforce all applicable FDA requirements (including premarket review and marketing authorization requirements) consistent with the phase-in policy. In addition, for LDTs that receive approval from NY CLEP, FDA intends not

to enforce marketing authorization requirements when these requirements are phased in more generally at either three and a half or four years following the date of publication of the final rule. However, these tests will still be subject to the remaining medical device requirements, including registration and listing, medical device reporting, and quality system requirements, at the time that such requirements are phased in more generally.

In addition, Congress has, for over the past decade, considered a number of proposals, which if enacted, would subject LDTs to additional regulatory requirements. For example, in recent years Congress has worked on legislation to create a novel regulatory framework governing a new category of FDA-regulated products, referred to as *in vitro* clinical tests ("IVCTs"), which would govern LDTs and would be separate and distinct from the existing medical device regulatory framework. For example, most recently, in March 2023, the Verifying Accurate Leading-edge IVCT Development Act of 2023 (the "Valid Act") was introduced. The bill would establish a risk-based approach to imposing requirements related to premarket review, quality systems, and labeling requirements on all IVCTs, including LDTs, but would grandfather certain LDTs marketed before the effective date of the bill and exempt them from certain requirements. Depending on the approach adopted under any potential legislation, certain LDTs (likely those of higher risk) may be required to undergo some form of premarket review of LDTs as IVCTs, potentially with a transition period for compliance and a grandfathering provision.

*PMA Pathway*

The FDA categorizes medical devices into one of three classes—class I, II, or III—based on the risks presented by the device and the regulatory controls necessary to provide a reasonable assurance of the device's safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of the QSR facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. Special controls are established by the FDA for a specific device type and often include specific labeling provisions, performance metrics, and other types of controls that mitigate risks of the device (usually incorrect results for an IVD). Devices deemed by the FDA to pose the greatest risks, such as life-sustaining, life-supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Some pre-amendment devices are unclassified, but are subject to the FDA's premarket notification and clearance process in order to be commercially distributed.

Class III devices generally require PMA approval before they can be marketed. Obtaining PMA approval requires the submission of "valid scientific evidence" to the FDA to support a finding of a reasonable assurance of the safety and effectiveness of the device. A PMA must provide complete analytical and clinical performance data and also information about the device and its components regarding, among other things, device design, manufacturing, and labeling. Following receipt of a PMA, the FDA determines whether the application is sufficiently complete to permit a substantive review. If the FDA accepts the application for review, it has 180 days under the FDC Act to complete its review of a PMA, although in practice, the FDA's review often takes significantly longer, and can take up to several years. An advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. The FDA may or may not accept the panel's recommendation. As part of the FDA's review of a PMA, the FDA will typically inspect the manufacturer's facilities for compliance with QSR requirements, which impose requirements related to design controls, manufacturing controls, documentation, and other quality assurance procedures. The user fee costs and the length of the FDA review time for obtaining PMA approval are significantly higher than for a 510(k) notification or a *de novo* classification.

The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA constitute valid scientific evidence and that there is reasonable assurance that the device

is safe and effective for its intended use(s). The FDA may approve a PMA with post-approval conditions intended to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution, and collection of long-term follow-up data from patients in the clinical study that supported PMA approval or requirements to conduct additional clinical studies post-approval. The FDA may condition PMA approval on some form of post-market surveillance when deemed necessary to protect the public health or to provide additional safety and efficacy data for the device in a larger population or for a longer period of use. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and to make periodic reports to the FDA on the clinical status of those patients. Failure to comply with the conditions of approval can result in material adverse enforcement action, including withdrawal of the approval.

Certain changes to an approved device, such as changes in manufacturing facilities, methods, or quality control procedures, or changes in the design performance specifications, which affect the safety or effectiveness of the device, require submission of a PMA supplement. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA and may not require as extensive clinical data or the convening of an advisory panel. Certain other changes to an approved device require the submission of a new PMA, such as when the design change causes a different intended use, mode of operation, and technical basis of operation, or when the design change is so significant that a new generation of the device will be developed, and the data that were submitted with the original PMA are not applicable for the change in demonstrating a reasonable assurance of safety and effectiveness.

*510(k) Notification Pathway.* To obtain 510(k) clearance, a manufacturer must submit a premarket notification demonstrating to the FDA's satisfaction that the proposed device is "substantially equivalent" to another legally marketed device that itself does not require PMA approval (a predicate device). A predicate device is a legally marketed device that is not subject to premarket approval, i.e., a device that was legally marketed prior to May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. The FDA's 510(k) clearance process usually takes from three to 12 months, but often takes longer. The FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence. In addition, the FDA collects user fees for certain medical device submissions and annual fees for medical device establishments.

If the FDA agrees that the device is substantially equivalent to a lawfully marketed predicate device, it will grant 510(k) clearance to authorize the device for commercialization. If the FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous PMA requirements, or can request a risk-based classification determination for the device in accordance with the *de novo* process, which is a route to market for novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device. Once a *de novo* petition is reviewed and approved, it results in the device having a Class II status, and future devices from the company or a third party may use the company *de novo*-classified device as a 510(k) predicate.

After a device receives 510(k) clearance or *de novo* classification, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval or new *de novo* classification. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but the FDA can review any such decision and disagree with a manufacturer's determination. Modifications that do not rise to the level of requiring a new 510(k) are accomplished through a "letter to file" in which the company documents the rationale for the change and why a new 510(k) is not required. However, if the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until new marketing authorization for the change is obtained. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines or penalties.

Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products. For example, in September 2023, the FDA issued three draft guidance documents to strengthen and modernize the 510(k) program, and the FDA noted that in light of increasing technical complexity, clinical data are increasingly being required to support substantial equivalence determinations.

*De Novo Classification Pathway.* If no legally marketed predicate can be identified for a new device to enable use of the 510(k) pathway, the device is automatically classified under the FDC Act into class III, which generally requires PMA approval. However, the FDA can reclassify or use "*de novo* classification" for a device that meets the FDC Act standards for a class I or class II device, permitting the device to be marketed without PMA approval. To grant such a reclassification, the FDA must determine that the FDC Act's general controls alone, or general controls and special controls together, are sufficient to provide a reasonable assurance of the device's safety and effectiveness. The *de novo* classification route is generally less burdensome than the PMA approval process.

*Investigational Device Exemption Process*. Clinical trials are almost always required to support a PMA and are sometimes required to support a 510(k) submission. All clinical investigations of investigational devices to determine safety and effectiveness must be conducted in accordance with the FDA's investigational device exemption ("IDE") regulations which govern investigational device labeling, prohibit promotion of the investigational device, and specify an array of recordkeeping, reporting, and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk" to human health, as defined by the FDA, the FDA requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. A significant risk device is one that presents a potential for serious risk to the health, safety, or welfare of a patient and either is implanted, used in supporting or sustaining human life, substantially important in diagnosing, curing, mitigating or treating disease or otherwise preventing impairment of human health, or otherwise presents a potential for serious risk to a subject. An IDE application must be supported by appropriate data, such as animal and laboratory test results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE will automatically become effective 30 days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval.

In addition, the study must be approved by, and conducted under the oversight of, an Institutional Review Board ("IRB") for each clinical site. The IRB is responsible for the initial and continuing review of the IDE, and may pose additional requirements for the conduct of the study. If an IDE application is approved by the FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and labeling and record-keeping requirements. Acceptance of an IDE application for review does not guarantee that the FDA will allow the IDE to become effective and, if it does become effective, the FDA may or may not determine that the data derived from the trials support the safety and effectiveness of the device or warrant the continuation of clinical trials. An IDE supplement must be submitted to, and approved by, the FDA before a sponsor or investigator may make a change to the investigational plan that may affect its scientific soundness, study plan or the rights, safety or welfare of human subjects.

During a study, the sponsor is required to comply with the applicable FDA requirements, including, for example, trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping, and prohibitions on the promotion of investigational devices or on making safety or effectiveness claims for them. The clinical investigators in the clinical study are also subject to FDA regulations and must obtain patient informed consent, rigorously follow

the investigational plan and study protocol, control the disposition of the investigational device, and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, we, the FDA or the IRB could suspend or terminate a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits.

*Expedited Development and Review Programs.* The FDA has established programs to support and expedite the development of devices that meet criteria for Breakthrough Device designation, which can be voluntarily requested by sponsors. The program offers manufacturers of certain devices an opportunity to interact with the FDA more frequently and efficiently as they develop their products with the goal of expediting commercialization of such products to help patients have more timely access, as well as use of post-market data collection, when scientifically appropriate, to facilitate expedited and efficient development and review of the device, opportunities for efficient and flexible clinical study design, and priority review of premarket submissions. The program is available to medical devices that meet certain eligibility criteria, including that the device provides more effective treatment or diagnosis of life-threatening or irreversibly debilitating diseases or conditions, and constitutes a device (i) that represents a breakthrough technology, (ii) for which no approved or cleared alternatives exist, (iii) that offer significant advantages over existing approved or cleared alternatives, or (iv) the availability of which is in the best interest of patients.

*Postmarket Regulation*. After a device is cleared or approved by the FDA for marketing, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of "off-label" uses of cleared or approved products;
- requirements related to promotional activities;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices, or approval of certain modifications to PMA-approved devices;
- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDC Act that may present a risk to health;
- the FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Device manufacturing processes subject to FDA oversight are required to comply with the applicable portions of the QSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation, and servicing of finished devices intended for human use. The QSR also requires, among other things, maintenance of a device

master file, device history file, and complaint files. Manufacturers are subject to periodic scheduled or unscheduled inspections by the FDA. A failure to maintain compliance with the QSR requirements could result in the shut-down of, or restrictions on, manufacturing operations and the recall or seizure of products. The discovery of previously unknown problems with products, including unanticipated adverse events or adverse events of increasing severity or frequency, whether resulting from the use of the device within the scope of its clearance or off-label by a physician in the practice of medicine, could result in restrictions on the device, including the removal of the product from the market or voluntary or mandatory device recalls.

*FDA Enforcement Powers.* The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that a manufacturer has failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, including the following:

- issuance of warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- requesting or requiring recalls, withdrawals, or administrative detention or seizure of our products;
- imposing operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export approvals for our products; or
- criminal prosecution.

*Federal and State Physician Self-Referral Prohibitions*

We are subject to the federal physician self-referral prohibitions, commonly known as the Stark Law. The Stark Law generally prohibits us from billing, presenting, or causing to be presented a claim for any clinical laboratory services or other designated health services payable by the Medicare or Medicaid programs when the physician ordering the service, or any member of such physician's immediate family, has an ownership interest in, or compensation arrangement with, us, unless the arrangement meets an exception to the prohibition. The Stark Law contains several exceptions, including an exception for compensation paid to a physician for personal services rendered by the physician provided that several conditions are met, including that the payment is set at fair market value for the services furnished and the terms of the arrangement be set out in writing and signed by the parties. These prohibitions apply regardless of the reasons for the financial relationship and the referral. The Stark Law is a strict liability statute, and thus no finding of intent is required for a violation.

Sanctions for a violation of the Stark Law include the following:

- denial of payment for the services provided in violation of the prohibition;
- refunds of amounts collected by an entity in violation of the Stark Law;
- monetary penalties; and
- exclusion from federal healthcare programs, including Medicare and Medicaid.

In addition, violations of the Stark Law may also serve as the basis for liability under the Federal False Claims Act, which prohibits knowingly presenting, or causing to be presented, a false or fraudulent claim for payment to the federal government.

Many states, including California, also have laws restricting physicians from referring persons for certain services to entities in which the referring physician has a financial interest, which may apply regardless of whether the payor for such claims is Medicare or Medicaid. For example, we are subject to the California

Physician Ownership and Referral Act of 1993 ("PORA"). PORA, which applies regardless of payor type, generally prohibits physicians from referring individuals for certain services, including laboratory or diagnostic services, if the physician or his or her immediate family has a financial interest in the entity receiving the referral. PORA would generally prohibit us from billing an individual or any governmental or private payor for any laboratory or diagnostic services when the physician ordering the service, or any member of such physician's immediate family, has an investment interest in, or compensation arrangement with, us, unless the arrangement falls under one of the statutory exceptions. Further, certain violations of PORA are a misdemeanor, and violations generally could result in civil penalties, criminal fines, and disciplinary action by the applicable governmental agency. Finally, other states have self-referral restrictions with which we have to comply, which may differ from those imposed by federal and California law.

*Healthcare Fraud and Abuse*

If and when we commercially launch a product in the United States, our business operations, including any relationship we may form with physicians, healthcare providers or other potential customers or business partners, will need to comply with various healthcare fraud and abuse laws.

The federal healthcare program Anti-Kickback Statute makes it a felony for a person or entity, including a laboratory, to knowingly and willfully offer, pay, solicit, or receive remuneration, directly or indirectly, in order to induce business that is reimbursable under any federal healthcare program, including the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. The Anti-Kickback Statute contains certain statutory exceptions and regulatory safe harbors that protect certain interactions if specific requirements are met. If an arrangement meets the provisions of a safe harbor, it is deemed not to violate the Anti-Kickback Statute. An arrangement must fully comply with each element of an applicable safe harbor in order to qualify for protection. The failure of a transaction or arrangement to fit within a specific safe harbor, however, does not necessarily mean that the transaction or arrangement is illegal or that prosecution under the federal Anti-Kickback Statute will be pursued if the arrangement is determined by the government not to be abusive. A violation of the Anti-Kickback Statute may result in imprisonment, fines and possible exclusion from Medicare, Medicaid, and other federal healthcare programs. Actions that violate the Anti-Kickback Statute or any similar laws may also incur liability under the Federal False Claims Act.

Although the Anti-Kickback Statute applies only to federal healthcare programs, a number of states have passed statutes substantially similar to the Anti-Kickback Statute. For example, California has enacted the PORA (see "—Federal and State Physician Self-Referral Prohibitions" above) and a Medi-Cal Anti-Kickback Statute, Welfare and Institutions Code Section 14107.2, that prohibit conduct similar to that prohibited by the Anti-Kickback Statute. Violations of PORA and Section 14107.2 are both punishable by imprisonment and fines. Many other states have all-payor statutes that extend the provisions of the state anti-kickback statute to not only governmental payors, but also private payors and self-pay patients.

Federal and state law enforcement authorities scrutinize arrangements between healthcare providers and potential referral sources to ensure that the arrangements are not designed as a mechanism to induce healthcare referrals or induce the purchase, prescribing or ordering of particular products or services. Law enforcement authorities and the courts have also demonstrated a willingness to look behind the formalities of a transaction to determine the underlying purpose of any remuneration exchanged between healthcare providers and actual or potential referral sources. Generally, courts have taken a broad interpretation of the scope of the Anti-Kickback Statute, holding that the statute may be violated if merely one purpose of a payment arrangement is to induce referrals or purchases. Investigation or challenge under the federal Anti-Kickback Statute and analogous state laws of any relationship we may form with physicians, healthcare providers or other potential customers or business partners could lead to sanctions that could have a negative effect on our business.

In addition, other healthcare fraud and abuse laws could have an effect on our business. For example, in 2018, Congress enacted the Eliminating Kickbacks in Recovery Act of 2018 ("EKRA"), which establishes an

all-payor anti-kickback prohibition for, among other things, knowingly and willfully paying or offering any remuneration directly or indirectly to induce a referral of an individual to a clinical laboratory. Violations of EKRA may result in fines, imprisonment, or both.

The federal Civil Monetary Penalties law prohibits, among other things, offering or transferring remuneration to a federal healthcare program beneficiary that a person knows or should know is likely to influence the beneficiary's decision to order or receive items or services reimbursable by a federal healthcare program from a particular provider or supplier. Penalties for violating the Civil Monetary Penalties law may include exclusion from federal healthcare programs and substantial fines.

The Federal False Claims Act prohibits a person from knowingly submitting (or causing to be submitted) a claim, making a false record or statement in order to secure payment, or retaining an overpayment by the federal government. Moreover, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. In addition to actions initiated by the government itself, the statute authorizes actions to be brought on behalf of the federal government by a private party known as the "relator" who has knowledge of the alleged fraud. These types of actions are also known as qui tam or "whistleblower" lawsuits. Because the complaint is initially filed under seal, the action may be pending for some time before the defendant is even aware of the action. If the government is ultimately successful in obtaining redress in the matter or if the plaintiff succeeds in obtaining redress without the government's involvement, then the plaintiff will receive a percentage of the recovery. It is not uncommon for qui tam lawsuits to be filed by employees, third parties or consultants of healthcare providers, including clinical laboratories. Several states have also enacted similar false claims laws.

Further, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") created two federal crimes: healthcare fraud and false statements relating to healthcare matters, in addition to the privacy and security regulations described below under "—Privacy Regulation." The healthcare fraud statute prohibits knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment, or exclusion from government-sponsored programs. The false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact, or making any materially false, fictitious, or fraudulent statement in connection with the delivery of, or payment for, healthcare benefits, items, or services. Similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. A violation of this statute is a felony and may result in fines or imprisonment.

Similar foreign laws and regulations may apply to us if we offer our products in foreign jurisdictions in the future.

While we intend fully to comply with applicable federal and state fraud and abuse laws, and similar laws of other states and countries as we commercialize products, it is possible that some of our arrangements or arrangements we may enter into in the future could become subject to regulatory scrutiny, and we cannot provide assurance that we will be found to be in compliance with these laws following any such regulatory review.

*Transparency Laws*

The Sunshine Act was enacted by Congress in 2010 as part of the Affordable Care Act ("ACA") and was amended in 2018 by the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act. The Sunshine Act requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to CMS certain data on payments and other transfers of value made to U.S.-licensed physicians (as defined by statute), teaching hospitals, and certain non-physician practitioners, including physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiologist assistants and certified nurse-midwives. The data are sent to CMS for public disclosure on the Open Payments.

*Additional International Regulation and Product Approval*

We may have to obtain or submit approvals, markings, notifications, certifications or satisfy other premarket requirements from regulatory authorities in non-U.S. jurisdictions prior to marketing our products in those countries and territories. The laws and regulations in other jurisdictions vary from those in the United States and may be easier or more difficult to satisfy, and they are subject to change, in some cases frequently. Certain regulatory authorities regulate LDTs and IVDs differently than the United States, and our products may need to satisfy additional requirements to be offered commercially within the jurisdictions.

***Foreign Regulation***

Medical devices (including IVDs) are subject to extensive regulation, such as premarket review, marketing authorization or certification, by similar agencies or notified bodies in other countries. Regulatory requirements and approval or certification processes are not harmonized and vary from one country to another. International regulators and notified bodies are independent and not bound by the findings of the FDA.

*Regulation of In Vitro Diagnostic Medical Devices in the European Union*

We are or may become subject to new laws, regulations, and industry standards concerning medical devices proposed and enacted in various foreign jurisdictions, including the European Union ("EU"). The EU has adopted specific directives and regulations regulating the design, manufacture, clinical investigation, conformity assessment, labeling, and adverse event reporting for IVDs. Until May 25, 2022, IVDs were regulated by Directive 98/79/EC ("EU IVDD"), which has been repealed and replaced by Regulation (EU) No 2017/746 ("EU IVDR"). The EU IVDR became effective on May 26, 2022. However, to prevent disruption in the supply of IVDs on the EU market, a regulation adopted by the European Parliament and the Council on December 15, 2021 enacted a "progressive" roll-out of the EU IVDR and provided for a tiered grace period for most devices depending on the risk classification of the device. Galleri currently benefits from the grace period applicable to Class C IVDs, and therefore must only be fully compliant with the EU IVDR requirements by May 26, 2026. Galleri has been assessed in accordance with the EU IVDD whose regime is described below. However, as of May 26, 2022 and regardless of the tiered grace period, some of the EU IVDR requirements apply in place of the corresponding requirements of the EU IVDD with regard to registration of economic operators and of devices, post-market surveillance and vigilance requirements. Pursuing marketing of IVDs in the EU will notably require that our devices be certified under the new regime set forth in the EU IVDR when our current certificates expire.

In Vitro Diagnostic Medical Devices Directive

Under the EU IVDD, an IVD may be placed on the market only if it conforms the essential requirements set out in the EU IVDD including the requirement that an IVD must be designed and manufactured in such a way that it will not compromise the clinical condition or safety of patients, or the safety and health of users and others. In addition, the device must achieve the performances intended by the manufacturer and be designed, manufactured, and packaged in a suitable manner. The European Commission has adopted various standards applicable to medical devices. There are also harmonized standards relating to design and manufacture. While not mandatory, compliance with these standards is viewed as the easiest way to satisfy the essential requirements as a practical matter as it creates a rebuttable presumption that the device satisfies that essential requirement.

As a general rule, demonstration of conformity of IVDs and their manufacturers with the essential requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use, that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device are supported by suitable evidence.

In Vitro Diagnostic Medical Devices Regulation

The regulatory landscape related to IVDs in the EU recently evolved. On April 5, 2017, the EU IVDR was adopted with the aim of ensuring better protection of public health and patient safety. The EU IVDR establishes a uniform, transparent, predictable and sustainable regulatory framework across the EU for IVDs and ensures a high level of safety and health while supporting innovation. Unlike the EU IVDD, the EU IVDR is directly applicable in EU member states without the need for member states to implement it into national law. This aims at increasing harmonization across the EU.

The EU IVDR became effective on May 26, 2022. IVDs lawfully placed on the market pursuant to the EU IVDD prior to May 26, 2022 may generally continue to be made available on the market or put into service, provided that the requirements of the transitional provisions are fulfilled. However, even in this case, manufacturers must comply with a number of new or reinforced requirements set forth in the EU IVDR, in particular the obligations described below.

All manufacturers placing medical devices into the market in the EU must comply with the EU medical device vigilance system. Under this system, serious incidents and Field Safety Corrective Actions ("FSCAs") must be reported to the relevant authorities of the EU member states. Manufacturers are required to take FSCAs defined as any corrective action for technical or medical reasons to prevent or reduce a risk of a serious incident associated with the use of a medical device that is made available on the market. An FSCA may include the recall, modification, exchange, destruction or retrofitting of the device.

The aforementioned EU rules are generally applicable in the European Economic Area ("EEA"), which consists of the 27 EU member states plus Norway, Liechtenstein, and Iceland.

*Regulations Related to Clinical Laboratories in the European Union*

The EU does not have an overarching law or regulation that governs the legal framework surrounding the operations of clinical laboratories in a way that would be analogous to CLIA in the United States. However, EU member states' laws may affect how our business as a diagnostic testing service provider is carried out.

Other laws and guidelines that impact clinical laboratories' work include the Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine, the Declaration of Helsinki adopted by the World Medical Association and related codes of conduct and guidelines issued by the relevant research ethics committees.

The aforementioned EU rules are generally applicable in the EEA.

*Regulation of In Vitro Diagnostic Medical Devices in the United Kingdom*

Following Brexit, EU laws no longer apply directly in Great Britain. The regulations on IVDs in Great Britain continue to be based largely on the EU IVDD, which preceded the EU IVDR, as implemented into national law by the Medical Devices Regulation 2002 ("UK MDR"). However, under the terms of the Protocol on Ireland/Northern Ireland, the EU IVDR does apply to Northern Ireland. Consequently, there are currently different regulations in place in Great Britain as compared to both Northern Ireland and the EU, respectively. The United Kingdom government has passed a new Medicines and Medical Devices Act 2021, which introduces delegated powers in favor of the Secretary of State or an "appropriate authority" to amend or supplement existing regulations in the area of medicinal products and medical devices. This allows new rules to be introduced in the future by way of secondary legislation, which aims to allow flexibility in addressing regulatory gaps and future changes in the fields of human medicines, clinical trials and medical devices.

Under the powers granted by the Medicines and Medical Devices Act 2021, the United Kingdom is currently drafting amendments to the UK MDR which is likely to result in further changes to the Great Britain

regulations in the near future. For example, subject to transitional periods for validly certified devices, the new Great Britain regulations are expected to require IVDs placed on the Great Britain market to be "UKCA" certified by a United Kingdom-approved body in order to be lawfully placed on the market. The United Kingdom has stated that the core elements of the future regime are expected to apply from July 1, 2025, but that IVDs in compliance with either the EU IVDD or IVDR can continue to be placed on the Great Britain market until the sooner of certificate expiration or June 30, 2030. Following these transitional periods, it is expected that all IVDs will require a United Kingdom Conformity Assessment ("UKCA") mark. Manufacturers may choose to use the UKCA mark on a voluntary basis prior to the regulations coming into force. However, from July 2025, it is expected that products which do not have existing and valid CE certification will be required to carry the UKCA mark if they are to be sold into the market in Great Britain. UKCA marking will not be recognized in the EU.

Since January 1, 2021, the Medicines and Healthcare Products Regulatory Agency ("MHRA") has become the sovereign regulatory authority responsible for Great Britain. All IVDs are required to be registered with the MHRA, and since January 1, 2022, manufacturers based outside the UK have been required to appoint a UK responsible person that has a registered place of business in the UK to register devices with the MHRA.

***Coverage and Reimbursement***

We are pursuing payment for our products through a diverse and broad range of channels, including sales to self-insured employers, integrated health systems, healthcare providers, life insurance companies, and patients, as well as, where available, through coverage and reimbursement by government healthcare programs and commercial third-party payors.

*United States*

In the United States, there is no uniform coverage for clinical laboratory tests. The extent of coverage and rate of payment for covered services varies from payor to payor. Obtaining coverage for tests like ours that involve genomic sequencing can be particularly challenging.

Medicare is the single largest healthcare payor in the United States, and a particularly significant payor for many cancer-related laboratory services given the demographics of the Medicare population, a large portion of which includes elderly individuals. Many other U.S. payors look to the Medicare policies as a benchmark and model for their own. Medicare provides two main forms of insurance coverage: traditional Medicare fee-for-service, administered by the federal government and its contractors, and Medicare Advantage, where coverage is provided by private insurers approved by CMS that must follow federal rules and guidelines.

Generally, Medicare will not cover screening tests, which are considered preventive services, that are performed in the absence of signs or symptoms of illness or injury, except if explicitly authorized by statute. CMS, the agency responsible for administering the Medicare program, authorizes certain additional preventive services including certain screening tests that are not expressly covered by statute if the service is (a) reasonable and necessary for the prevention or early detection of an illness or disability, (b) recommended with a grade of A or B by the USPSTF, an independent, volunteer panel of experts in the field of prevention, evidence-based medicine and primary care, and (c) appropriate for Medicare beneficiaries under Part A or Part B. CMS establishes coverage through an NCD process. In making the NCD determination, CMS may also consider, among other things, the relationship between predicted outcomes and expenditures for such services, and take into account the results of such an assessment in making such determination. In its discretion, the USPSTF generally waits for FDA authorization before it considers undertaking review of novel technology.

Galleri could be considered a screening test under Medicare and, accordingly, is unlikely to be covered by Medicare without pursuing the CMS NCD-related measures described above. These processes may take multiple years to complete as currently, coverage decisions for preventive services are not made prior to FDA authorization. Even if we pursue these processes, it is possible that Galleri will never become eligible for

Medicare coverage and reimbursement. We are evaluating opportunities for nearer-term reimbursement through Medicare Advantage plans, while generating evidence to meet the requirements of the traditional Medicare path. Medicare Advantage plans generally must cover all of the services that traditional Medicare covers (except hospice care), but they have the discretion to offer their enrollees additional, or supplemental, benefits not otherwise covered under traditional Medicare, including those benefits referred to as optional supplemental benefits, for which enrollees may elect to pay extra to receive coverage. Obtaining such coverage may, however, involve lengthy negotiations with individual Medicare Advantage plans, and there is no guarantee that we will receive such coverage. We also intend to continue to pursue coverage and reimbursement from private payors for our products. Many of these private payors must cover certain services required by federal and state laws, such as preventive health services that have received a rating of A or B by the USPSTF. Like Medicare Advantage plans, private payors have discretion to extend greater coverage than recognized under traditional Medicare, but obtaining coverage from such payors generally involves lengthy negotiations, and there is no guarantee that we will receive such coverage. State Medicaid programs make individual coverage decisions for diagnostic tests and have taken steps to control the cost, utilization and delivery of healthcare services, meaning that, even if Galleri receives coverage through private payors, there is no guarantee that it will be covered by individual state Medicaid programs.

DAC is intended to be a diagnostic product, and we believe we could obtain Medicare coverage and reimbursement of DAC as a medical benefit in the next several years, although there are no assurances that we will be successful in doing so. We may explore Medicare local coverage of DAC by Medicare Administrative Contractors ("MACs") by demonstrating utility of our product in a clinical study. MACs administer the Medicare program in their respective designated regions and have some discretion in determining coverage. We may seek FDA clearance or approval, which, if obtained, would help us obtain coverage and reimbursement for DAC.

If eligible for reimbursement, laboratory tests such as ours generally are classified for reimbursement purposes under CMS's Healthcare Common Procedure Coding System ("HCPCS") and the American Medical Association's ("AMA") Current Procedural Terminology ("CPT") coding systems. We and payors must use those coding systems to bill and pay for our diagnostic tests, respectively. These HCPCS and CPT codes are associated with the particular product or service that is provided to the individual. Accordingly, without an HCPCS or CPT code applicable to our tests, the submission and payment of claims would be a significant challenge. Once CMS creates an HCPCS code or the AMA establishes a CPT code, CMS establishes payment rates and coverage rules under traditional Medicare, and private payors establish rates and coverage rules independently. Under Medicare, payment for laboratory tests is generally made under the Clinical Laboratory Fee Schedule ("CLFS") with payment amounts assigned to specific HCPCS and CPT codes.

In April 2014, Congress passed the Protecting Access to Medicare Act of 2014 ("PAMA"), which included substantial changes to the way in which clinical laboratory services are paid under Medicare. Under PAMA (as amended by the Further Consolidated Appropriations Act, 2020), laboratories that receive the majority of their Medicare revenue from payments made under the CLFS and Physician Fee Schedule and receive at least $12,500 in Medicare revenues for CLFS services during a data collection period are subject to certain reporting requirements. CMS uses the data reported, which includes certain private payor payment rates for each test the laboratory performs, the volume of tests paid at each rate, and the HCPCS code associated with the test, to calculate a weighted median payment rate for each test, which is used to establish revised Medicare CLFS reimbursement rates for clinical diagnostic laboratory tests ("CDLTs"). If the test is an advanced diagnostic laboratory test ("ADLT"), the test will be paid based on an actual list charge for an initial period of three quarters before being shifted to the weighted median private payor rate reported by the laboratory performing the ADLT. Laboratories offering ADLTs are subject to recoupment if the actual list charge exceeds the weighted median private payor rate by a certain amount. Accordingly, if our tests receive Medicare coverage in the future, the reimbursement rate we receive for such tests may be affected by payment rates made by private payors for such tests.

The revised reimbursement methodology described above generally results in relatively lower reimbursement amounts under Medicare for clinical laboratory services than has been historically reimbursed.

Any reductions to reimbursement rates resulting from the new methodology are limited to 0% in 2023 and 15% per test per year in each of 2024 through 2026.

In addition, PAMA codified Medicare coverage rules for laboratory tests by requiring any local coverage determination to be made following the local coverage determination process. PAMA also authorizes CMS to consolidate coverage policies for clinical laboratory tests among one to four laboratory-specific MACs. These same contractors may also be designated to process claims if CMS determines that such a model is appropriate. It is unclear whether CMS will proceed with contractor consolidation under this authorization.

*General Coverage and Reimbursement Considerations*

Across jurisdictions, a decision to provide coverage for a product from a government payor, such as Medicare, or other third-party payor does not imply that an adequate reimbursement rate will be approved. Further, coverage and reimbursement for products, and services that utilize such 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 or at all.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, including clinical laboratory tests, in addition to their safety and efficacy. In certain foreign markets, the government controls the coverage and pricing of many healthcare products, including IVDs and clinical laboratory tests. In order to obtain coverage and reimbursement for any product that might be cleared or approved by regulators for sale (or certified by a notified body), or for any procedure that utilizes such product, it may be necessary to conduct health economic studies in order to demonstrate the medical necessity and cost-effectiveness of the products. The cost of such studies would be in addition to the costs required to obtain regulatory approvals or certifications. If third-party payors do not consider a product to be cost-effective compared to other available products, they may not cover the product after approval (or certification) 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. Tests such as ours that will cover a large population and could potentially generate a significant number of false-positive results on an absolute basis may face incremental scrutiny in obtaining reimbursement from third-party payors given the additional costs of further diagnostic workup.

The marketability of Galleri and DAC may suffer if 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 medical products and services pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for our tests, less favorable coverage policies and reimbursement rates may be implemented in the future.

***Healthcare Reform***

In the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system. Changes in healthcare policy could increase our costs and subject us to additional regulatory requirements that may interrupt commercialization of our products, decrease our revenue and adversely impact sales of, and pricing of and reimbursement for, our products. For example, in March 2010, the ACA was signed into law, which substantially changed the way healthcare is financed by both governmental and private insurers in the United States. The ACA contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments, and fraud and abuse changes.

The implementation of the ACA in the United States, for example, has changed healthcare financing and delivery by both governmental and private insurers substantially, and affected medical device manufacturers

significantly. The ACA included, among other things, provisions governing enrollment in federal and state healthcare programs, reimbursement matters, and fraud and abuse. Since its enactment, there have been judicial, U.S. Congressional and executive branch challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. It is unclear how other healthcare reform measures, if any, will impact our business.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. For example, the Budget Control Act of 2011, among other things, resulted in reductions in payments to Medicare providers, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2032, with the exception of a temporary suspension from May 1, 2020 through March 31, 2022, unless additional Congressional action is taken. Additionally, the American Taxpayer Relief Act of 2012, among other things, reduced CMS payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover Medicare overpayments to providers from three to five years.

In the EU, on December 13, 2021, Regulation No 2021/2282 on Health Technology Assessment ("HTA") amending Directive 2011/24/EU, was adopted. While the regulation entered into force in January 2022, it will only begin to apply from January 2025 onwards, with preparatory and implementation-related steps to take place in the interim. Once the regulation becomes applicable, it will have a phased implementation depending on the concerned products. This regulation intends to boost cooperation among EU member states in assessing health technologies, including certain high-risk medical devices and providing the basis for cooperation at the EU level for joint clinical assessments in these areas. The regulation will permit EU member states to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the most potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU member states will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technology, and making decisions on pricing and reimbursement.

We believe that there will continue to be proposals by legislators at both the federal and state levels and in foreign jurisdictions, regulators and third-party payors to reduce costs while expanding individual healthcare benefits. Certain of these proposals to further reform healthcare or reduce healthcare costs may limit coverage of or lower reimbursement for the procedures associated with the use of our products. Changes in healthcare policy could increase our costs, decrease our revenue and impact sales of and reimbursement for our products.

***Data Privacy and Security Regulation***

***Data Privacy and Security Laws***

Numerous state, federal and foreign laws, regulations and standards govern the collection, use, access to, confidentiality and security of health-related and other personal information, and could apply now or in the future to our operations or the operations of our partners. In the United States, numerous federal and state laws and regulations, including data breach notification laws, health information privacy and security laws and consumer protection laws and regulations govern the collection, use, disclosure, and protection of health-related and other personal information. In addition, certain foreign laws govern the privacy and security of personal data, including health-related data. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing. For additional information, see the section entitled "Risk Factors" beginning on page 31 of this Information Statement.

**Legal Proceedings**

We are not currently a party to any material legal proceedings. From time to time, we are and may become involved in legal proceedings or investigations. For example, we are currently involved in various lawsuits and claims with respect to employment matters. Lawsuits or other legal proceedings could have an adverse impact on our reputation, business, financial condition, results of operations, or cash flows, and could divert the attention of our management from the operation of our business.

**Emerging Growth Company Status**

We are an "emerging growth company," as defined by the Jumpstart Our Business Startups Act of 2012. We will continue to be an emerging growth company until the earliest to occur of the following:

- the last day of the fiscal year in which our total annual gross revenues first meet or exceed $1.235 billion (as adjusted for inflation);
- the date on which we have, during the prior three-year period, issued more than $1.0 billion in non-convertible debt;
- the last day of the fiscal year in which we (i) have an aggregate worldwide market value of common stock held by non-affiliates of $700 million or more (measured at the end of each fiscal year) as of the last business day of our most recently completed second fiscal quarter and (ii) have been a reporting company under the Securities Exchange Act of 1934, which refer to as the "Exchange Act," for at least one year (and have filed at least one annual report under the Exchange Act); or
- the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act of 1933.

For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002, exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies, reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, and exemptions from the requirement of holding a nonbinding advisory vote on executive compensation and stockholder approval on golden parachute compensation not previously approved. We may choose to take advantage of some or all of these reduced burdens. For example, we have taken advantage of the reduced disclosure obligations regarding executive compensation in this Information Statement. For as long as we take advantage of the reduced reporting obligations, the information we provide stockholders may be different from information provided by other public companies. In addition, it is possible that some investors will find our common stock less attractive as a result of these elections, which may result in a less active trading market for our common stock and higher volatility in the price of our common stock.

We have elected to not take advantage of the extended transition period that allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies, which means that the financial statements included in this Information Statement, as well as financial statements we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies. Our election not to take advantage of the extended transition period is irrevocable.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our results of operations and financial condition together with our accompanying consolidated financial statements, which we refer to as the "Consolidated Financial Statements," and the notes thereto included under the section entitled "Index to Consolidated Financial Statements" beginning on page F-1 of this Information Statement, as well as the discussion in the sections entitled "Unaudited Pro Forma Condensed Consolidated Financial Statements" and "Business" beginning on pages 119 and 125, respectively, of this Information Statement. This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry and our business and financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" beginning on pages 31 and 101, respectively, of this Information Statement.*

*GRAIL, LLC, previously named SDG Ops, LLC, was formed in the state of Delaware as a wholly owned subsidiary of Illumina, Inc. ("Illumina"). SDG Ops, LLC, along with SDG Ops, Inc., a Delaware corporation and wholly owned subsidiary of Illumina, were formed for the purpose of completing a merger transaction between GRAIL, Inc., and Illumina (the "Acquisition") in order to carry on the business of GRAIL, Inc. and its subsidiaries.*

*On September 20, 2020, GRAIL, Inc., Illumina and its subsidiaries, SDG Ops, LLC, and SDG Ops, Inc., entered into an agreement and plan of merger (the "Merger Agreement"). On August 18, 2021 (the "Closing Date"), Illumina completed its acquisition of GRAIL, Inc. ("predecessor"). According to the terms and conditions of the Merger Agreement, SDG Ops, Inc. and GRAIL, Inc. merged, with GRAIL, Inc. surviving and now a wholly owned subsidiary of Illumina (the "First Merger"). Immediately following the First Merger and as part of the same overall transaction, GRAIL, Inc., as the surviving corporation, merged with SDG Ops, LLC (the "Second Merger"). According to the terms and conditions of the Merger Agreement, SDG Ops, LLC became the surviving company and was renamed GRAIL, LLC ("successor").*

*Prior to the Closing Date, and unless the context otherwise requires, references to "GRAIL," "we," and "us" within this Information Statement refer to GRAIL, Inc., and its consolidated subsidiaries, while references to "GRAIL," "we," and "us" on or after the Closing Date refer to GRAIL, LLC and its consolidated subsidiaries unless the context otherwise requires.*

### Overview

#### *Our Business*

We are an innovative commercial-stage healthcare company focused on saving lives and shifting the paradigm in early cancer detection. We believe screening individuals for many types of cancer with a single test represents a significant opportunity to reduce the global burden of cancer. Our Galleri test is a commercially available screening test for early detection of multiple types of cancer, which we termed multi-cancer early detection ("MCED"). We believe Galleri is clinically validated based on the results of its clinical studies completed to date, including the results of its foundational case-control Circulating Cell-free Genome Atlas ("CCGA") study and interventional PATHFINDER study which together enrolled more than 21,000 participants. In these studies, Galleri demonstrated an ability to detect a shared cancer signal across more than 50 types of cancer, accurately predict the specific organ or tissue type where the cancer signal originated, and yield high positive predictive values and low false positive rates, all from a simple blood draw. See "Business—Our Products: Galleri and Beyond" and "—Our Clinical Studies." Galleri results can help guide next steps for diagnosis of cancer by healthcare providers in required follow-up diagnostic testing. Galleri is not a diagnostic

test and has not been approved or cleared by the U.S. Food and Drug Administration. We launched Galleri in the United States in mid-2021. As of March 31, 2024, we have sold more than 180,000 commercial tests and established over 100 commercial partnerships, including leading healthcare systems, employers, payors, and life insurance providers. Commercial use of Galleri has detected some of the most aggressive cancers in early stages including, among others, endometrial, esophageal, gastrointestinal stromal, head and neck, liver, pancreatic, and rectal cancers.

Since our inception, we have incurred net losses each year. We incurred net losses of $218.9 million and $193.7 million for the three months ended March 31, 2024 and April 2, 2023, respectively. Our net losses were $1.5 billion for fiscal year 2023 (which includes $718.5 million of goodwill and intangible impairment), $5.4 billion for fiscal year 2022 (which includes $4.7 billion in goodwill impairment), $911.5 million for the 2021 successor period and $336.2 million for 2021 predecessor period (see "Basis of Presentation" below for a description of applicable fiscal periods). Adjusted EBITDA was $(152.0) million and $(137.8) million for the three months ended March 31, 2024 and April 2, 2023, respectively. Adjusted EBITDA was $(523.9) million for fiscal year 2023, $(500.1) million for fiscal year 2022, $(216.5) million for the 2021 successor period and $(216.5) million for the 2021 predecessor period. Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to the most directly comparable U.S. generally accepted accounting principle ("GAAP") financial measure, information about why we consider Adjusted EBITDA useful and a discussion of the material risks and limitations of these measures, please see "Non-GAAP Financial Measures" below. Substantially all of our net losses resulted from the application of pushdown accounting, including goodwill and intangible impairment, amortization of intangible assets, as well as our research and development programs, general and administrative ("G&A") expenses associated with our operations and sales and marketing costs associated with commercializing our products. Additionally, due to the application of pushdown accounting, our balance sheet includes goodwill and intangible assets recognized by Illumina in connection with their acquisition of us that may be subject to additional impairment over time. We expect to continue to incur operating losses over at least the next several years as we continue to invest in research and development of new and existing products.

***Separation from Illumina***

On , 2024, Illumina announced plans for the separation of GRAIL from Illumina via the Spin-Off.

To effect the Spin-Off, Illumina will distribute at least 85.5% of the shares of GRAIL's common stock owned by Illumina to Illumina's stockholders on a pro rata basis, and GRAIL will become an independent, publicly traded company. Immediately after the Distribution becomes effective, Illumina may retain up to 14.5% of GRAIL's common stock.

Immediately prior to the completion of the Spin-Off, GRAIL will be converted into a Delaware corporation and will be renamed GRAIL, Inc. Prior to completion of the Spin-Off, we intend to enter into a Separation and Distribution Agreement and several other agreements with Illumina related to the Spin-Off. These agreements will govern the relationship between Illumina and us up to and after completion of the Spin-Off and allocate between Illumina and us various assets, liabilities, and obligations, including those related to employees and compensation and benefits plans and programs and tax-related assets and liabilities. See the section entitled "Certain Relationships and Related Party Transactions" beginning on page 233 of this Information Statement for more detail. No approval of Illumina's stockholders is required in connection with the Spin-Off, and Illumina's stockholders will not have any appraisal rights in connection with the Spin-Off.

Completion of the Spin-Off is subject to the satisfaction, or the waiver by Illumina's board of directors (the "Illumina Board") of a number of conditions.

In addition, Illumina has the right not to complete the Spin-Off if, at any time, the Illumina Board determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Illumina or its stockholders or is otherwise not advisable. If the Spin-Off is not completed for any reason, Illumina and GRAIL

will have incurred significant costs related to the Spin-Off, including fees for consultants, financial and legal advisors, accountants, and auditors, that will not be recouped. If the Spin-Off is not completed for any reason, the one-time transaction costs will generally be limited to the transaction costs incurred for services rendered as of the date the Spin-Off is abandoned, which will be less than the range noted above. Our management will also have devoted significant time to manage the Spin-Off process, which will decrease the time they will have to manage our business. See the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement for more detail.

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on a stand-alone basis using the consolidated financial statements and accounting records of Illumina. These consolidated financial statements reflect GRAIL's consolidated historical financial position, results of operations and cash flows as historically managed, in accordance with GAAP. The Consolidated Financial Statements may not be indicative of GRAIL's future performance and do not necessarily reflect what the financial position, results of operations and cash flows would have been, and may not include all expenses that would have been incurred, had GRAIL been operated as an independent, publicly traded company during the periods presented. Certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and respective disclosures at the date of the financial statements. Management's judgments and assumptions may also affect the reported amounts of net sales and expenses during the reporting periods. Actual results could differ from these management estimates.

GRAIL's fiscal year is the 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30, and December 31. References to Q1 2024 and Q1 2023 refer to the three months ended March 31, 2024 and April 2, 2023, respectively, which were both 13 weeks. Upon the closing of the Spin-Off, GRAIL will have a fiscal year end of December 31. References herein to (i) the "2021 predecessor period" refer to the period from January 1, 2021 through August 18, 2021 and reflect the pre-Acquisition activity of GRAIL, (ii) the "2021 successor period" refer to the period from August 19, 2021 through January 2, 2022 and reflect the post-Acquisition activity of GRAIL, (iii) "fiscal year 2022" refer to the period from January 2, 2022 through January 1, 2023, and (iv) "fiscal year 2023" refer to the period from January 2, 2023 to December 31, 2023.

The Acquisition represented a change of control with respect to GRAIL. Given GRAIL, Inc. merged with SDG Ops, Inc., which then merged with SDG Ops LLC, authoritative guidance (ASC 805-50-30) required pushdown accounting to be applied for the Second Merger amongst entities under common control. As a result of the application of pushdown accounting, the separately issued financial statements of GRAIL reflect Illumina's basis in the assets and liabilities of GRAIL which were remeasured to fair value as of the Closing Date. Intangible assets included developed technology, in-process research and development, and tradenames, as well as goodwill. There were also various other purchase price adjustment entries made in connection with the Acquisition that impacted the GRAIL standalone financial statements. We have explained these fluctuations within the section titled "—Results of Operations" below.

Subsequent to the separation from Illumina, we expect to incur additional costs as a separate public company. These additional costs are primarily related to certain supporting functions that may differ from and be higher than the costs historically incurred or allocated to us.

The additional costs we expect to incur as a separate public company are summarized as follows:

- Accounting and audit related costs, professional services, and new systems and software to support the accounting, financial reporting, and audits as a standalone public company;
- Personnel costs, including compensation-related expenses for additional headcount to enhance our capabilities in areas such as investor relations, accounting, financial reporting, treasury, risk management, and equity administration, among others; and

- Corporate governance costs, including but not limited to board of directors compensation and expenses, insurance, legal and other professional services fees, annual report and proxy statement costs, SEC filing fees, transfer agent fees, and stock exchange listing fees.

These additional costs are expected to increase our G&A expenses. Certain factors could impact the nature and amount of these separate public company costs, including the finalization of our staffing and infrastructure needs.

***Key Factors Affecting Performance***

We believe there are several important factors that have impacted and that we expect will impact our operating performance and results of operations, including:

- ***Continued development of the market for MCED testing***. Multi-cancer early detection is a relatively novel concept and the market for MCED tests is rapidly evolving. We coined the term "multi-cancer early detection" and continue to drive MCED as a solution to one of healthcare's most important challenges. Our performance depends on the extent to which key stakeholders, including current and potential commercial partners, payors and health systems, regulators, policy makers, academic and community medical centers, and key opinion leaders and advocates, understand and support MCED testing as an effective solution for cancer screening. We make significant efforts to educate these key stakeholders regarding the benefits of MCED and the clinical and economic value of our products, which we believe will continue to drive awareness of MCED and expand the commercial opportunity for our products.
- ***Demand for our products and customer mix***. A key factor to our future success is and will be our ability to increase demand for, and sales of, Galleri and our other products from new and existing customers. Our commercial strategy is focused on innovative value-oriented partnerships and targets health systems, employers, payors, and life insurance providers, as well as other at-risk populations. As Galleri is not currently broadly reimbursed, our ability to drive demand from these customers is directly linked to our ability to demonstrate the clinical and economic value of our test through clinical validation and real-world experience. As of March 31, 2024, we have entered into over 100 commercial partnerships, including with leading healthcare systems, employers, payors, and life insurance providers, and have established a network of over 10,000 prescribers across the United States in a pre-reimbursement setting. We believe this commercial network represents a significant opportunity to drive further demand for Galleri. The mix of customers from which we generate revenue from period to period has an impact on our revenue and gross margin. Galleri test pricing is generally based on our list price or, for certain customers, such as larger, higher-volume customers, negotiated contractual rates. For certain customers, we also offer rebates or discounts from time to time. Revenue generated from customers with negotiated contractual rates, or with rebates or discounts, is generally lower margin as compared to revenue generated based on list pricing. In addition, we have entered into a number of biopharmaceutical research partnerships for our research-use-only ("RUO") offering under our precision oncology portfolio. Large customers, such as healthcare systems, employers, and biopharmaceutical partners, generally begin using our products by initiating pilots involving a limited number of tests. We believe that our ability to convert these initial pilots into long-term customer relationships has the potential to drive substantial long-term revenue. We also expect to increase demand from new customers through our efforts to further develop the market for MCED testing.
- ***FDA and regulatory approval and reimbursement***. Our performance will be impacted by the extent to which we can secure reimbursement and coverage for our products. Prior to broader coverage and reimbursement in the United States, we will continue our work with clinics and health systems to accelerate utilization, and with self-insured employers and health insurers to offer and cover Galleri. Galleri is currently available as an LDT in the United States and we have established private reimbursement from a number of self-insured employers and health plans, but do not currently have broader coverage and reimbursement by government healthcare programs, such as Medicare. While Galleri has not been approved or cleared by the FDA, FDA approval is currently not required to market

our tests in the United States. We plan to pursue FDA approval to support broad access for Galleri in the United States. We plan to complete a PMA submission with the FDA in the first half of 2026. Obtaining PMA approval can take several years from the time an application is submitted, if at all. Moreover, the FDA requirements that will govern MCED tests, as well as the breadth and nature of data we must provide the FDA to support the proposed intended use, may be subject to change, and as such it is difficult to predict what information we will need to submit to obtain approval of a PMA from the FDA for a proposed intended use. We believe that FDA approval, if obtained, could unlock large commercial payors in the United States and we are working with stakeholders to advance and shape the public reimbursement landscape in the United States to enable coverage of FDA-approved MCED tests by Medicare. Following FDA approval, we expect to pursue inclusion of Galleri in the USPSTF's guideline recommendation, although such inclusion is not certain even with FDA approval. We believe such inclusion would further increase adoption and market acceptance of our tests. Over time, to the extent Galleri becomes more accessible in the United States, we may opt to reduce pricing in order to access a broader population base and accelerate adoption. In the United Kingdom, we are working with NHS England to complete our NHS-Galleri Trial. The NHS will evaluate the final results from the NHS-Galleri Trial, which are expected to be available in 2026, before determining whether to implement the Galleri test in the NHS. We believe our work with the NHS and data generated from our NHS-Galleri Trial could facilitate adoption in other single-payor systems around the world and support evidence of clinical utility worldwide.

- ***Investment in clinical studies and innovation to support our strategy and growth***. A significant aspect of our business is our investment in research and development, including the development of new and improved products, and the ongoing evidence generation supporting the clinical utility of Galleri. In particular, we have invested heavily in clinical studies and designed and executed what we believe is the largest clinical program in genomic medicine to date. These studies include: NHS-Galleri, CCGA, SUMMIT, STRIVE, SYMPLIFY, PATHFINDER, PATHFINDER 2, REFLECTION and Galleri-Medicare. We have established and maintained a leading voice in conversations regarding the early detection of multiple cancer types in the peer-reviewed literature. We have published data from these studies in high-profile journals and have presented such data at renowned medical conferences. We believe these studies are critical to driving adoption of our tests, as well as favorable coverage decisions, and expect our investments to continue. In addition, we have invested heavily in the development of our methylation platform and extensive technological infrastructure. We expect our research and development expenses to plateau over the coming three to four years as our existing clinical studies and development of our automated platform conclude. We will continue our research and development activities for new products, to enhance existing products, and initiate and conduct additional clinical studies to provide the evidence to support our product.
- ***Leverage our operational infrastructure***. We have made significant investments to build a scalable infrastructure capable of meeting significant demand while satisfying stringent certification parameters. Our facilities are able to process a substantial number of tests annually and are CAP-accredited and CLIA-certified. In addition, we engineered custom technology infrastructure and cloud-based tools to enable scalable data collection and analysis capabilities. With this foundational infrastructure in place, we have been able to generate scale efficiencies as the volume of tests sold has increased. As demand for our products increases, we expect to further leverage the scale efficiencies of our infrastructure and platform technology, which we believe will positively impact margins over time. In addition, we may invest significant amounts in infrastructure to support new products resulting from our research and development activities.

- ***International expansion***. A component of our long-term growth strategy is to expand our commercial reach internationally. We have expanded internationally into the United Kingdom, and we expect to launch Galleri in the United Kingdom through our partnership with NHS England. We continue to evaluate international expansion opportunities and expect to expand into additional select geographies over time, including through distributors.

While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must address. See "Risk Factors" for more information.

***Components of Results of Operations***

*Screening Revenue and Screening Revenue—Related Parties*

We currently derive screening revenue through the sale of Galleri within the United States and primarily through primary care physicians, health systems, employers, payors, and life insurance providers. Galleri is not currently broadly reimbursed. The test price is based on the negotiated contractual rate with our contracted customers, otherwise our standard list price applies. We identify each sale of our test to our customer as a single performance obligation; therefore, revenue is recognized at the point of time when the test result report is delivered. For self-pay patients, we have concluded that an implied contract exists, however the transaction price for the implied contract represents variable consideration as there are situations in which we do not expect to collect the full invoiced amounts from self-pay patients due to price concessions. We utilize the expected value approach to estimate the transaction price and apply a constraint for such variable consideration, on a portfolio basis. We monitor the estimated amounts to be collected at each reporting period based on actual cash collections in order to assess whether a revision to the estimate is required.

*Development Services Revenue*

We also derive revenue through our development services, which consist of services we provide to biopharmaceutical and clinical customers including support of clinical studies, pilot testing, research, and therapy development. We evaluate the terms and conditions included within our development services contracts with biopharmaceutical customers to ensure appropriate revenue recognition, including whether services are considered distinct performance obligations that should be accounted for separately versus together. Revenue from pilot and research services performed is recognized as performance obligations are achieved. We recognize revenue from development service agreements to support clinical study and companion diagnostic device development and regulatory submissions for the developed product(s) using an input method based on costs incurred to measure progress toward the completion and satisfaction of performance obligations.

*Cost of Screening Revenue (Exclusive of Amortization of Intangible Assets), Cost of Development Services Revenue, Cost of Screening Revenue—Related Parties, and Cost of Development Services Revenue—Related Parties*

Cost of revenue represents expenses that are incurred to produce and sell our products and services. For screening revenue, these costs consist of direct materials, direct labor including salaries and wages, bonus, benefits and stock-based compensation, shipping, royalties, and allocations of overhead and equipment depreciation. For development services, these costs consist of direct materials and patient sample acquisition, direct labor including salaries and wages, bonus, benefits and stock-based compensation, royalties, and allocations of overhead and equipment depreciation. Cost of screening revenue—related parties and cost of development services revenue—related parties represent the costs of supplies purchased from related parties used in the generation of revenue from all customers.

*Cost of Revenue—Amortization of Intangible Assets*

As a result of the application of pushdown accounting, intangible assets recognized in our standalone financial statements relate to our own technology, and consist of developed technologies and in-process research and development that were measured at fair value upon the Acquisition. Our developed technology includes intangible assets related to Galleri, designed as a cancer screening test for asymptomatic individuals over 50 years of age, as well as DAC that is being designed to accelerate diagnostic resolution for patients for whom there is a clinical suspicion of cancer. The cost of identifiable intangible assets with finite lives, such as developed technology assets, are amortized on a straight-line basis over the assets' respective estimated useful lives of 18 years.

*Research and Development and Research and Development—Related Parties*

Research and development expenses include costs incurred to develop our technology (prior to establishing technological feasibility), collect clinical samples, and conduct clinical studies to develop and support our products. These costs consist of personnel costs, including salaries, benefits, and stock-based compensation expense associated with our research and development personnel, costs associated with setting up and conducting clinical studies at domestic and international sites, laboratory supplies, consulting costs, depreciation, and allocated overhead including facilities and information technology expenses, which we do not allocate by product. We expense both internal and external research and development costs in the periods in which they are incurred. Research and development—related parties expenses include only those costs incurred with related parties as further discussed in Note 8 to our audited Consolidated Financial Statements included elsewhere in this Information Statement. Nonrefundable advance payments for goods and services that will be used or rendered in future research and development activities are deferred and recognized as expense in the period in which the related goods are delivered or services are performed. We expect our research and development expenses to plateau over the coming three to four years as our existing clinical studies and development of our automated platform conclude. We will continue our research and development activities for new products, to enhance existing products, and initiate and conduct additional clinical studies to provide the evidence to support our products.

*Sales and Marketing*

Sales and marketing expenses consist primarily of personnel costs, including salaries, benefits and stock-based compensation expense, consulting costs, allocated overhead including facilities and information technology expenses, and travel associated with our commercial organization. Also included are costs associated with advertising programs that consist of brand and product awareness activities and trade events and conferences. Sales and marketing expenses in the successor periods also includes amortization of the tradename intangible asset that was recognized upon the Acquisition, which has been recorded in our financial statements as a result of the application of pushdown accounting. The cost of identifiable intangible assets with finite lives, such as trade names, are amortized on a straight-line basis over the assets' respective estimated useful lives of 9 years. We expect our sales and marketing expenses to continue to increase as we continue to invest in building brand awareness of our current products and services, as well as additional product marketing and sales functions.

*General and Administrative and General and Administrative—Related Parties*

G&A expenses consist of personnel expenses, including salaries, benefits and stock-based compensation expense, for executive, finance and accounting, legal, human resources, business development, corporate communications, and management information systems personnel. Also included are professional fees, legal costs, including patent and trademark-related expenses. The related party amount represents allocated audit fees and stock administration expenses from Illumina. We expect our G&A expenses to increase as we become a standalone public company and continue to grow our business. We will incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the

SEC, director and officer insurance premiums, investor relations activities, and other expenses related to administrative and professional services. We also expect to increase our administrative headcount as a standalone public company.

*Goodwill Impairment*

Upon the Acquisition, excess consideration over the aggregate fair value of tangible and intangible assets, net of liabilities assumed, was recognized by Illumina as goodwill. As a result of the application of pushdown accounting, the separately issued financial statements of GRAIL reflect the goodwill recorded by Illumina upon the Acquisition.

On July 13, 2022, the European General Court ruled that the European Commission has jurisdiction under the European Union Merger Regulation to review the Acquisition. Additionally, on September 6, 2022, the European Commission issued a decision prohibiting the Acquisition. These decisions constituted substantive changes in circumstances that would more likely than not reduce the fair value of goodwill. We recognized a goodwill impairment for $4.7 billion in 2022. In the third quarter of 2023, we concluded the sustained decrease in Illumina's stock price and overall market capitalization during the quarter was a triggering event indicating the fair value of GRAIL might be less than its carrying amount that led us to test goodwill for impairment. We recognized an additional goodwill impairment of $608.5 million in 2023 primarily due to changes to expected timing of revenue and a higher discount rate. We evaluate goodwill impairment annually or more frequently if an event occurs or circumstances change in the interim that would more likely than not reduce the fair value of the asset below its carrying amount. See "Note 2—Summary of Significant Accounting Policies—Goodwill and Intangible Assets" to our Consolidated Financial Statements.

*Interest Income*

Interest income consists primarily of interest income earned on our cash and cash equivalents.

*Other Income (Expense), Net*

Other income (expense), net primarily consists of foreign currency gains and losses as a result of our intercompany agreements.

*Benefit from Income Taxes*

Upon closing of the Acquisition, as a wholly owned entity of Illumina, we were no longer subject to U.S. income tax for the successor periods on a standalone basis and U.S. income tax is combined into Illumina's consolidated income tax return as a division of Illumina. However, for financial statement purposes, we have elected to compute our income tax provision, including current and deferred taxes, as if we filed a separate income tax return and were not included in Illumina's consolidated return. Including the provision for income taxes in our standalone financials is more representative of our financial position as a standalone company.

Under this method, various tax attributes, such as net operating losses and tax credits, are also presented on a separate return basis. For income tax purposes, since GRAIL is not a separate taxpayer and merely a division of Illumina, these tax attributes, including net operating losses and tax credits, are the property of Illumina and have either already been utilized by Illumina in its consolidated or combined income tax returns or will be utilized by Illumina in its returns in the future. Accordingly, such tax attributes will not be available to a standalone GRAIL entity on its income tax returns in the future.

**Results of Operations**

*Comparisons of the Three Months Ended March 31, 2024 and April 2, 2023*

The following table summarizes our results of operations for the three months ended March 31, 2024 and April 2, 2023.

| (in thousands) | Three Months Ended March 31, 2024 | Three Months Ended April 2, 2023 | Change $ | Change % |
|---|---|---|---|---|
| Revenue: | | | | |
| Screening revenue | $ 23,410 | $ 15,320 | $ 8,090 | 53% |
| Screening revenue—related parties | 129 | 252 | (123) | (49%) |
| Development services revenue | 3,182 | 4,071 | (889) | (22%) |
| Total revenue | 26,721 | 19,643 | 7,078 | 36% |
| Costs and operating expenses: | | | | |
| Cost of screening revenue (exclusive of amortization of intangible assets) | 10,990 | 8,846 | 2,144 | 24% |
| Cost of screening revenue—related parties | 2,732 | 1,579 | 1,153 | 73% |
| Cost of development services revenue | 1,391 | 1,336 | 55 | 4% |
| Cost of development services revenue— related parties | 45 | 24 | 21 | 88% |
| Cost of revenue—amortization of intangible assets | 33,472 | 33,472 | — | — % |
| Research and development | 96,390 | 80,521 | 15,869 | 20% |
| Research and development—related parties | 5,235 | 5,352 | (117) | (2%) |
| Sales and marketing | 46,819 | 45,835 | 984 | 2% |
| General and administrative | 57,018 | 46,658 | 10,360 | 22% |
| General and administrative—related parties | 51 | 51 | — | — % |
| Total costs and operating expenses | 254,143 | 223,674 | 30,469 | 14% |
| Loss from operations | (227,422) | (204,031) | (23,391) | 11% |
| Other income: | | | | |
| Interest income | 2,901 | 2,227 | 674 | 30% |
| Other income, net | 42 | 95 | (53) | (56%) |
| Total other income (expense), net | 2,943 | 2,322 | 621 | 27% |
| Loss before income taxes | (224,479) | (201,709) | (22,770) | 11% |
| Benefit from income taxes | 5,565 | 8,043 | (2,478) | (31%) |
| Net loss | $ (218,914) | $ (193,666) | $(25,248) | 13% |

*Comparison of the Three Months Ended March 31, 2024 and April 2, 2023:*

*Revenue*

*Screening Revenue and Screening Revenue—Related Parties*

The increase in screening revenue of $8.0 million was primarily attributable to an increase in Galleri sales volume. The Galleri sales volume increased in 2024 as a result of the continued ramp in our commercial activity, expansion of our network of ordering providers, additional commercial partnerships and new promotional campaigns.

*Development Services Revenue*

The decrease in development services revenue of $0.9 million was primarily due to a decrease in revenue earned from pilots with biopharmaceutical partners as a result of milestones earned in 2023 that did not reoccur.

*Cost of Screening Revenue (Exclusive of Amortization of Intangible Assets) and Cost of Screening Revenue—Related Parties*

The increase in cost of screening revenue (exclusive of amortization of intangible assets) and cost of screening revenue—related parties of $3.3 million was primarily attributable to an increase in test volume. Cost of screening revenue (exclusive of amortization of intangible assets) and cost of screening revenue—related parties as a percent of revenue decreased in the first quarter of 2024 primarily due to improved efficiency of Galleri testing process and increased Galleri sales volume.

*Cost of Development Services Revenue and Cost of Development Services Revenue—Related Parties*

The cost of development services revenue and cost of development services revenue—related parties increased due to an increase in cost of supplies utilized in development services projects completed during the period.

*Cost of Revenue—Amortization of Intangible Assets*

Cost of revenue—amortization of intangible assets remained consistent period over period.

*Research and Development and Research and Development—Related Parties*

Research and development and research and development—related parties expenses for the three months ended March 31, 2024 and April 2, 2023 were as follows:

| (in thousands) | Three Months Ended | | Change | |
|---|---|---|---|---|
| | March 31, 2024 | April 2, 2023 | $ | % |
| Compensation expenses | $ 50,291 | $ 43,987 | $ 6,304 | 14% |
| Clinical studies and research collaboration expenses | 16,083 | 14,382 | 1,701 | 12% |
| Laboratory supplies and expenses | 16,268 | 10,352 | 5,916 | 57% |
| Cloud computing expenses | 2,136 | 2,235 | (99) | (4)% |
| Depreciation expenses | 3,281 | 3,230 | 51 | 2% |
| Allocated and other expenses | 13,566 | 11,687 | 1,879 | 16% |
| Total research and development and research and development—related parties expenses | $ 101,625 | $ 85,873 | $15,752 | 18% |

The increase in the compensation expenses of $6.3 million was primarily attributable to increased headcount and employee long-term incentive awards. The increase in clinical studies and research collaboration expenses of $1.7 million was primarily driven by an increase in clinical study enrollment activity and an increase in research collaboration expenses. The increase in laboratory supplies and expenses of $5.9 million was primarily driven by increased research and development, clinical study sample processing, and validation testing. The decrease of $0.1 million in cloud computing expenses was primarily due to cost optimization efforts. The increase of $0.1 million in depreciation expenses was attributable to an increase in depreciation on laboratory equipment placed into service. The increase of $1.9 million in allocated and other expenses was primarily driven by higher software, IT, and facilities expenses being allocated to the research and development function, in addition to an increase in the use of contractors and temporary labor.

*Sales and Marketing*

The increase in sales and marketing expenses of $1.0 million was primarily attributable to an increase of $2.4 million in compensation expenses, primarily due to increased headcount. This increase was partially offset by a decrease of $1.5 million in third-party marketing and professional services expenses as well as decreases in allocated facilities expenses.

*General and Administrative*

The increase in general and administrative expenses of $10.4 million was primarily attributable to an increase of $7.5 million in compensation expenses due to increased headcount and employee long-term incentive awards. Legal and professional services increased by $3.2 million primarily related to legal and professional services costs associated with the antitrust litigation and divestiture related costs. Corporate IT expenses increased by $0.5 million to support the increase in headcount. These increases were partially offset by decreases in facilities costs, net of allocation.

*Interest Income*

The increase in interest income of $0.7 million was primarily driven by an increase in interest earned on our money market accounts primarily due an increase in the balance of money market funds held.

*Other Income*

The decrease in other income was primarily a result the fluctuation of foreign currency exchange rates.

*Comparisons of Fiscal Year 2023 to Fiscal Year 2022*

The following table summarizes our results of operations for fiscal year 2023 and fiscal year 2022.

| | Year Ended | | Change | |
|---|---|---|---|---|
| (in thousands) | December 31, 2023 | January 1, 2023 | $ | % |
| Revenue: | | | | |
| Screening revenue | $ 74,347 | $ 39,123 | $ 35,224 | 90% |
| Screening revenue—related parties | 652 | 694 | (42) | (6%) |
| Development services revenue | 18,106 | 15,733 | 2,373 | 15% |
| Total revenue | 93,105 | 55,550 | 37,555 | 68% |
| Costs and operating expenses: | | | | |
| Cost of screening revenue (exclusive of amortization of intangible assets) | 39,284 | 27,998 | 11,286 | 40% |
| Cost of screening revenue—related parties | 8,682 | 4,142 | 4,540 | 110% |
| Cost of development services revenue | 6,623 | 5,741 | 882 | 15% |
| Cost of development services revenue—related parties | 238 | 227 | 11 | 5% |
| Cost of revenue—amortization of intangible assets | 133,889 | 133,889 | — | — % |
| Research and development | 318,088 | 310,431 | 7,657 | 2% |
| Research and development—related parties | 20,657 | 19,145 | 1,512 | 8% |
| Sales and marketing | 162,292 | 122,328 | 39,964 | 33% |
| General and administrative | 200,062 | 173,494 | 26,568 | 15% |
| General and administrative—related parties | 206 | 614 | (408) | (66%) |
| Goodwill and intangible impairment | 718,466 | 4,700,431 | (3,981,965) | (85%) |
| Total costs and operating expenses | 1,608,487 | 5,498,440 | (3,889,953) | (71%) |
| Loss from operations | (1,515,382) | (5,442,890) | 3,927,508 | (72%) |
| Other income (expense): | | | | |
| Interest income | 7,954 | 1,740 | 6,214 | 357% |
| Other income (expense), net | (208) | (238) | 30 | (13%) |
| Total other income (expense), net | 7,746 | 1,502 | 6,244 | 416% |
| Loss before income taxes | (1,507,636) | (5,441,388) | 3,933,752 | (72%) |
| Benefit from income taxes | 41,951 | 42,290 | (339) | (1%) |
| Net loss | $(1,465,685) | $(5,399,098) | $ 3,933,413 | (73%) |

*Comparison of Fiscal Year 2023 to Fiscal Year 2022:*

*Revenue*

*Screening Revenue and Screening Revenue—Related Parties*

The increase in screening revenue of $35.2 million was primarily attributable to an increase in Galleri sales volume. The Galleri sales volume increased in 2023 as a result of the continued ramp in our commercial activity, including as a result of our expansion of our dedicated sales team in 2022, expansion of our network of ordering providers, additional commercial partnerships, and additional marketing efforts.

*Development Services Revenue*

The increase in development services revenue of $2.4 million was primarily due to an increase in samples processed in pilots with biopharmaceutical partners in fiscal year 2023.

*Cost of Screening Revenue (Exclusive of Amortization of Intangible Assets) and Cost of Screening Revenue—Related Parties*

The increase in cost of screening revenue (exclusive of amortization of intangible assets) and cost of screening revenue—related parties of $15.8 million was primarily attributable to the increase in test volume. Cost of screening revenue (exclusive of amortization of intangible assets) and cost of screening revenue—related parties as a percent of revenue decreased in fiscal year 2023 primarily due to improved efficiency of Galleri testing process, primarily due to increased Galleri sales volume.

*Cost of Development Services Revenue and Cost of Development Services Revenue—Related Parties*

The increase in cost of development services revenue and cost of development services revenue—related parties was overall inline with the increase in development services revenue, primarily driven by labor costs for development services projects.

*Cost of Revenue—Amortization of Intangible Assets*

Cost of revenue—amortization of intangible assets remained consistent period over period.

*Research and Development and Research and Development—Related Parties*

Research and development and research and development—related parties expenses for fiscal years 2023 and 2022 were as follows:

| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | Change $ | Change % |
|---|---|---|---|---|
| Compensation expenses | $ 174,469 | $ 154,739 | $ 19,730 | 13% |
| Clinical studies and research collaboration expenses | 56,934 | 69,938 | (13,004) | (19)% |
| Laboratory supplies and expenses | 39,599 | 32,487 | 7,112 | 22% |
| Cloud computing expenses | 8,897 | 10,465 | (1,568) | (15)% |
| Depreciation and impairment expenses | 12,058 | 8,163 | 3,895 | 48% |
| Allocated and other expenses | 46,788 | 53,784 | (6,996) | (13)% |
| Total research and development and research and development—related parties expenses | $ 338,745 | $ 329,576 | $ 9,169 | 3% |

The increase in the compensation expenses of $19.7 million was primarily attributable to increased headcount and employee long-term incentive awards. The decrease in clinical studies and research collaboration expenses of $13.0 million was primarily attributable to a reduction in clinical study expenses related to the clinical studies which previously completed enrollment and decreased study activity maintenance costs. The increase in the laboratory supplies and expenses of $7.1 million was primarily due to increased research and development and clinical study sample processing and cost optimization efforts. The decrease of $1.6 million in cloud computing expenses was primarily due to a decrease in clinical trial data processing. The increase of $3.9 million in depreciation and impairment expenses was attributable to a full year of depreciation on laboratory equipment placed into service in 2022. Allocated and other expenses decreased as a result of lower software, IT, and facilities expenses being allocated to the research and development function, in addition to decreases in the use of contractors and temporary labor.

*Sales and Marketing*

The increase in sales and marketing expenses of $40.0 million was primarily attributable to an increase of $34.5 million in compensation expenses, primarily due to increased headcount in our dedicated sales team hired to support Galleri. Third-party marketing and professional services expenses increased by $2.7 million primarily due to a 2023 marketing event. Additionally, our corporate overhead allocations increased as a result of our increased headcount.

*General and Administrative*

The increase in general and administrative expenses of $26.2 million was primarily attributable to an increase of $24.1 million in compensation expenses due to increased headcount and employee long-term incentive awards. Legal and professional services increased by $1.6 million primarily related to legal and professional services costs associated with the Acquisition and corresponding antitrust litigation. Corporate IT expenses increased by $2.0 million to support the increase in headcount. Facilities and depreciation increased by $1.1 million primarily due to an impairment charge taken on the right of use asset for a office building due to a change in management's plan of use. These increases were partially offset by decreases in allocated and other expenses as well as a decrease in the use of contractors and temporary labor.

*Goodwill and Intangible Impairment*

As a result of an impairment assessment performed, a goodwill impairment charge of $608.5 million was recorded in the fiscal year 2023 which represents the amount by which the carrying value of GRAIL exceeded the fair value of GRAIL upon performing a quantitative test, primarily due to changes to expected timing of revenue and a higher discount rate. In conjunction with the 2023 impairment assessment, an impairment charge of $110.0 million was recorded to the IPR&D intangible asset. As a result of an impairment assessment performed, an impairment charge of $4.7 billion was recorded in 2022 which represents the amount by which the carrying value of GRAIL exceeded the fair value of GRAIL upon performing a quantitative test.

*Interest Income*

The increase in interest income of $6.2 million was primarily attributable to an increase in interest earned on our money market accounts primarily due to higher interest rates.

*Other Expense*

The decrease in other expense was primarily a result of foreign currency gains in the fiscal year 2023.

***Comparisons of Fiscal Year 2022 to the 2021 Successor Period and the 2021 Predecessor Period***

The following table summarizes our results of operations for fiscal year 2022, the 2021 successor period and the 2021 predecessor period. Results between periods presented are not comparable and thus, percentage change has been omitted for presentation purposes.

| (in thousands) | (Successor) Year Ended January 1, 2023 | (Successor) August 19, 2021 to January 2, 2022 | (Predecessor) January 1, 2021 to August 18, 2021 |
|---|---|---|---|
| Revenue: | | | |
| Screening revenue | $ 39,123 | $ 7,074 | $ 1,953 |
| Screening revenue—related parties | 694 | 381 | 46 |
| Development services revenue | 15,733 | 4,978 | 180 |
| Total revenue | 55,550 | 12,433 | 2,179 |
| Costs and operating expenses: | | | |
| Cost of screening revenue (exclusive of amortization of intangible assets) | 27,998 | 4,664 | 4,965 |
| Cost of screening revenue—related parties | 4,142 | 662 | 227 |
| Cost of development services revenue | 5,741 | 624 | 261 |
| Cost of development services revenue—related parties | 227 | 133 | — |
| Cost of revenue—amortization of intangible assets | 133,889 | 44,630 | — |
| Research and development | 310,431 | 309,781 | 138,366 |
| Research and development—related parties | 19,145 | 1,475 | 10,590 |
| Sales and marketing | 122,328 | 100,512 | 24,814 |
| General and administrative | 173,494 | 478,071 | 160,140 |
| General and administrative—related parties | 614 | 35 | 4 |
| Goodwill impairment | 4,700,431 | — | — |
| Total costs and operating expenses | 5,498,440 | 940,587 | 339,367 |
| Loss from operations | (5,442,890) | (928,154) | (337,188) |
| Interest income | 1,740 | 19 | 313 |
| Other income (expense), net | (238) | (884) | 642 |
| Total other income (expense), net | 1,502 | (865) | 955 |
| Loss before income taxes | (5,441,388) | (929,019) | (336,233) |
| Benefit from income taxes | 42,290 | 17,477 | — |
| **Net loss** | **$ (5,399,098)** | **$ (911,542)** | **$ (336,233)** |

***Comparison of Fiscal Year 2022 to the 2021 Successor Period, and the 2021 Predecessor Period:***

*Revenue*

*Screening Revenue and Screening Revenue—Related Parties*

The increase in screening revenue in fiscal year 2022 as compared to all prior periods presented is a direct result of the commercial launch of Galleri in mid-2021. Screening revenue increased from $2.0 million in the 2021 predecessor period, to $7.4 million in the 2021 successor period. In fiscal year 2022, screening revenue increased to $39.8 million, which was driven by an increased volume of Galleri tests sold and having a full year of commercialized sales compared to seven months of sales in calendar year 2021.

*Development Services Revenue*

Development services revenue increased from $0.2 million in the 2021 predecessor period, to $5.0 million in the 2021 successor period, primarily due to pilot and research services performed for biopharmaceutical

customers. In fiscal year 2022, development services revenue increased to $15.7 million. The increase in development services revenue in fiscal year 2022 was primarily due to services performed for a large biopharmaceutical partner, as well as new pilots initiated with other biopharmaceutical partners.

*Cost of Screening Revenue (Exclusive of Amortization of Intangible Assets) and Cost of Screening Revenue—Related Parties*

The increase in cost of screening revenue (exclusive of amortization of intangible assets) and cost of screening revenue—related parties corresponded to the increase in screening revenue. Cost of screening revenue and cost of screening revenue—related parties were $5.2 million in the 2021 predecessor period, $5.3 million in the 2021 successor period and $32.1 million in fiscal year 2022. Cost of screening revenue (exclusive of amortization of intangible assets) and cost of screening revenue—related parties as a percent of revenue decreased in fiscal year 2022 primarily due to improved efficiency of Galleri testing process, primarily due to increased volume following the commercial launch of Galleri in mid-2021.

*Cost of Development Services Revenue and Cost of Development Services Revenue—Related Parties*

The increase in cost of development services revenue and cost of development services revenue—related parties was overall inline with the increase in development services revenue, primarily driven by labor costs for development services projects. Cost of development services revenue and cost of development services revenue—related parties were $0.3 million in the 2021 predecessor period, $0.8 million in the 2021 successor period and $6.0 million in fiscal year 2022.

*Cost of Revenue—Amortization of Intangible Assets*

The increase of the amortization of intangible assets is a result of the amortization of definite-lived developed technology intangible assets resulting from the Acquisition and the recognition of a full year of amortization as compared to the shorter successor period. Prior to the Acquisition, we did not have intangible assets.

*Research and Development and Research and Development—Related Parties*

Research and development and research and development—related parties expenses for the predecessor and successor periods were as follows:

| | (Successor) | | (Predecessor) |
|---|---|---|---|
| (in thousands) | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1, 2021 to August 18, 2021 |
| Compensation expenses | $ 154,739 | $ 256,823 | $ 63,499 |
| Clinical studies and research collaboration expenses | 69,938 | 23,784 | 24,366 |
| Laboratory supplies and expenses | 32,487 | 4,523 | 25,340 |
| Cloud computing expenses | 10,465 | 4,196 | 6,719 |
| Depreciation and impairment expenses | 8,163 | 2,248 | 2,630 |
| Allocated and other expenses | 53,784 | 19,682 | 26,402 |
| **Total research and development and research and development—related parties expenses** | **$ 329,576** | **$ 311,256** | **$ 148,956** |

The increase in the compensation expenses from the 2021 predecessor period to the 2021 successor period is primarily due to non-recurring compensation of $201.2 million incurred as a result of the Acquisition, primarily consisting of accelerated vesting of stock-based compensation expenses in connection with the Acquisition,

which resulted in $615.0 million of expense recognized immediately upon closing of the Acquisition in August 2021, of which $177.7 million was allocated to research and development, and retention incentives of $23.5 million. The decrease from the 2021 successor period to fiscal year 2022 was a result of no non-recurring transaction related compensation expenses in the 2021 successor period, which was offset by increased headcount year over year and the introduction of new employee long-term incentive programs in the post transaction period.

Clinical studies and research collaboration expenses increased in 2022 as compared to other periods presented, primarily due to increased clinical study activity. The majority of the increase in our clinical studies and research collaboration expenses relate to the NHS-Galleri Trial which enrolled its first patient in August 2021, and the PATHFINDER 2 clinical study, which began enrollment in the fourth quarter of 2021, as a result of active enrollment and a full year of expenses in 2022. These increases were partially offset by a reduction in expenses related to the SUMMIT and STRIVE clinical studies as enrollment completed in the predecessor period and thus study activity decreased.

The decrease in the laboratory supplies and expenses from the 2021 predecessor period to the 2021 successor period is a result of a decrease in clinical study sample processing, a decrease in general research and development sample processing, and a $0.9 million reduction in expenses due to renegotiation of a previously accrued purchase commitment. The increase of laboratory supplies and expenses in 2022 as compared to other periods presented is primarily due to increased research and development and clinical study sample processing.

Cloud computing expenses remained relatively unchanged period over period.

Depreciation and impairment expenses increased in 2022 compared to all other periods presented as $20 million of equipment was placed into service at our laboratory locations.

Allocated and other expenses increased as a result of higher software, IT, and facilities expenses being allocated to the research and development function, in addition to increases in the use of contractors and temporary labor.

*Sales and Marketing*

Sales and marketing expenses in fiscal year 2022 were $122.3 million, compared to $100.5 million in the 2021 successor period and $24.8 million in the 2021 predecessor period. The increase of sales and marketing expense from the 2021 predecessor period to the 2021 successor period was primarily due to the accelerated vesting of stock-based compensation expenses in connection with the Acquisition, which resulted in $615 million of expense recognized immediately upon closing of the Acquisition in August 2021, $71.8 million of which was allocated to sales and marketing. The increase of sales and marketing expenses in fiscal year 2022 compared to all periods presented was primarily attributable to an increase of compensation expenses, primarily due to increased headcount in our dedicated sales team initially hired to support the commercial launch of Galleri in 2021. Headcount increased 205% from the end of the 2021 successor period to the end of fiscal year 2022, contributing to higher wages, employer payroll taxes, bonuses, long-term incentive compensation, and other personnel related costs in 2022 compared to previous periods presented. Additionally, we incurred higher travel expenses in fiscal year 2022 as a result of fewer COVID-19 related travel restrictions and more sales-based travel as compared to other periods. Third-party marketing and professional services expenses increased from $6.4 million in the 2021 successor period to $28.0 million in fiscal year 2022 to support efforts to market our newly commercialized product. Additionally, our corporate overhead allocations increased as a result of our increased headcount. Trade name intangible assets amortization expense increased from $1.5 million in the 2021 successor period to $4.4 million in fiscal year 2022 as a result of a full year of amortization as compared to the shorter 2021 successor period. These increases from the 2021 successor period to 2022 were offset by the one-time stock-based compensation expense being incurred in the 2021 successor period with no comparable expense in 2022.

*General and Administrative*

The 2021 predecessor period includes non-recurring transaction related professional services fees and insurance premiums of $51.0 million and $4.5 million, respectively. The increase in G&A expense in the 2021 successor period compared to the 2021 predecessor period was primarily due to the accelerated vesting of stock-based compensation expenses in connection with the Acquisition, which resulted in $615.0 million of expense recognized immediately upon closing of the Acquisition in August 2021, $365.5 million of which was allocated to G&A. Non-recurring retention bonuses of $12.4 million and severance related costs of $7.2 million were also incurred in the 2021 successor period. The corresponding decrease from the 2021 successor period to fiscal year 2022 was primarily a result of these non-recurring transactions not being incurred in fiscal year 2022 and a reduction in legal expenses. This decrease was partially offset by an increase in facilities expenses in fiscal year 2022.

*Goodwill Impairment*

As a result of an impairment assessment performed, an impairment charge of $4.7 billion was recorded in 2022 which represents the amount by which the carrying value of GRAIL exceeded the fair value of GRAIL upon performing a quantitative test.

*Interest Income*

The decrease in interest income from the 2021 predecessor period to the 2021 successor period was primarily a result of the sale of our marketable securities upon consummation of the transaction. The increase from the 2021 successor period to fiscal year 2022 was primarily attributable to an increase in interest earned on our money market account primarily due to the increase in length of the period, and higher interest rates.

*Other Income (Expense), Net*

The increase in other income (expense), net from the 2021 successor period to fiscal year 2022 primarily related to foreign currency gains, offset slightly by losses on asset retirements. The decrease from the 2021 predecessor period to the 2021 successor period was a result of foreign currency gains in the 2021 predecessor period converting to foreign currency losses in the 2021 successor period.

**Non-GAAP Financial Measures**

In addition to our results provided throughout this Information Statement that are determined in accordance with GAAP, this Information Statement also includes the following non-GAAP financial measures for the 2021 predecessor period, 2021 successor period, fiscal year 2022, and fiscal year 2023 and the three months ended March 31, 2024 and April 2, 2023, which information should be read in conjunction with our audited Consolidated Financial Statements and the related notes and accompanying notes included elsewhere in this Information Statement:

***Adjusted Gross Profit/(Loss)***

Adjusted Gross Profit/(Loss) is a key performance measure that our management uses to assess our operational performance, as it represents the results of revenues and direct costs, which are key components of our operations. We believe that this non-GAAP financial measure is useful to investors and other interested parties in analyzing our financial performance because it reflects the gross profitability of our operations, and excludes the indirect costs associated with our sales and marketing, product development, general and administrative activities, and depreciation and amortization, and the impact of our financing methods and income taxes.

We calculate Adjusted Gross Profit/(Loss) as gross profit/(loss) (as defined below) adjusted to exclude amortization of intangible assets and stock-based compensation allocated to cost of revenue. Adjusted Gross

Profit/(Loss) should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss from operations, net earnings or loss and other GAAP measures of income (loss) or profitability. The following tables present a reconciliation of gross profit, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted Gross Profit/(Loss).

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | April 2, 2023 |
| Gross loss (1) | $ (21,909) | $ (25,614) |
| Amortization of intangible assets | 33,472 | 33,472 |
| Stock-based compensation | 481 | 373 |
| Adjusted Gross Profit | $ 12,044 | $ 8,231 |

(1) Gross profit/(loss) is calculated as total revenue less cost of revenue (exclusive of amortization of intangible assets), cost of revenue—related parties, and cost of revenue—amortization of intangible assets.

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1, 2021 to August 18, 2021 |
| Gross loss (1) | $ (95,611) | $(116,447) | $(38,280) | $ (3,274) |
| Amortization of intangible assets | 133,889 | 133,889 | 44,630 | — |
| Stock-based compensation | 1,970 | 957 | 150 | 88 |
| Adjusted Gross Profit/(Loss) | $ 40,248 | $ 18,399 | $ 6,500 | $ (3,186) |

(1) Gross profit/(loss) is calculated as total revenue less cost of revenue (exclusive of amortization of intangible assets), cost of revenue—related parties, and cost of revenue—amortization of intangible assets.

***Adjusted EBITDA***

Adjusted EBITDA is a key performance measure that our management uses to assess our financial performance and is also used for internal planning and forecasting purposes. We believe that this non-GAAP financial measure is useful to investors and other interested parties in analyzing our financial performance because it provides a comparable overview of our operations across historical periods. In addition, we believe that providing Adjusted EBITDA, together with a reconciliation of net income (loss) to Adjusted EBITDA, helps investors make comparisons between our company and other companies that may have different capital structures, different tax rates, different operational and ownership histories, and/or different forms of employee compensation.

Adjusted EBITDA is used by our management team as an additional measure of our performance for purposes of business decision-making, including managing expenditures. Period-to-period comparisons of Adjusted EBITDA help our management identify additional trends in our financial results that may not be shown solely by period-to-period comparisons of net income or income from operations. Our Management recognizes that Adjusted EBITDA has inherent limitations because of the excluded items, and may not be directly comparable to similarly titled metrics used by other companies.

We calculate Adjusted EBITDA as net income (loss) adjusted to exclude interest (income) expense, income tax expense (benefit), depreciation, impairment of goodwill, and amortization of intangible assets, which represent intangible assets resulting from pushdown accounting. We believe that the items subject to these further adjustments are not indicative of our ongoing operations due to their nature, especially considering the impact of certain items as a result of the Acquisition.

Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss from operations, net earnings or loss and other U.S. GAAP measures of income (loss). Additionally, it is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments, and debt service requirements. Further, our definition of Adjusted EBITDA may differ from similarly titled measures used by other companies and therefore may not be comparable among companies. The following tables present a reconciliation of net income (loss), the most directly comparable financial measure calculated in accordance with U.S. GAAP, to Adjusted EBITDA on a consolidated basis.

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | April 2, 2023 |
| Net loss | $ (218,914) | $ (193,666) |
| Adjusted to exclude the following: | | |
| Interest income | (2,901) | (2,227) |
| Benefit from income tax expense | (5,565) | (8,043) |
| Amortization of intangible assets (1) | 34,584 | 34,584 |
| Depreciation | 5,413 | 5,257 |
| Illumina/GRAIL merger & divestiture legal and professional services costs (2) | 6,308 | 4,788 |
| Stock-based compensation (3) | 29,106 | 21,516 |
| Adjusted EBITDA | $ (151,969) | $ (137,791) |

(1) Represents amortization of intangible assets, including developed technology and tradenames.
(2) Represents legal and professional services costs associated with the Acquisition and corresponding antitrust litigation, including compliance with the hold separate arrangements imposed by the European Commission.
(3) Represents all stock-based compensation recognized on our standalone financial statements for the periods presented.

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1, 2021 to August 18, 2021 |
| Net loss | $ (1,465,685) | $ (5,399,098) | $ (911,542) | $ (336,233) |
| Adjusted to exclude the following: | | | | |
| Interest income | (7,954) | (1,740) | (19) | (313) |
| Benefit from income tax expense | (41,951) | (42,290) | (17,477) | — |
| Amortization of intangible assets (1) | 138,333 | 138,333 | 46,111 | — |
| Depreciation | 20,364 | 16,430 | 5,422 | 6,916 |
| Goodwill and intangible impairment(2) | 718,466 | 4,700,431 | — | — |
| Illumina/GRAIL merger legal and professional services costs (3) | 17,320 | 12,127 | 10,750 | 81,470 |
| Stock-based compensation (4) | 97,235 | 75,729 | 650,260 | 31,647 |
| Adjusted EBITDA | $ (523,872) | $ (500,078) | $ (216,495) | $ (216,513) |

(1) Represents amortization of intangible assets, including developed technology and tradenames.
(2) Reflects impairment of goodwill and intangible assets recognized as a result of the Acquisition.
(3) Represents legal and professional services costs associated with the Acquisition and corresponding antitrust litigation, including compliance with the hold separate arrangements imposed by the European Commission.
(4) Represents all stock-based compensation recognized on our standalone financial statements for the periods presented.

**Liquidity and Capital Resources**

***Sources of Liquidity***

From inception through the Closing Date, we had funded our operations primarily through the sale and issuance of our redeemable convertible preferred stock and receipt of continuation payments from Illumina. Post- Acquisition, we received funding on a quarterly basis directly from Illumina. As of March 31, 2024, our cash and cash equivalents totaled $199.7 million and our cash and cash equivalents together with our pro forma cash and cash equivalents would have been $974.1 million.

***Future Funding Requirements***

We began generating revenue in mid-2021, but we have continued to incur significant losses and negative cash flows from operations. Subsequent to the Acquisition, we have incurred net losses of $8.0 billion which include charges for impairment of goodwill and amortization of intangible assets. We expect to incur additional losses as we conduct our research and development efforts and seek to achieve broad reimbursement of our current commercialized products. We believe that our existing cash and cash equivalents, in addition to the funding that Illumina is required to provide pursuant to the EC Divestment Decision, will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months, as of the date of this Information Statement. However, we anticipate that we will need to raise additional financing in the future to fund our operations. Our future capital requirements will depend on many factors, including the timing and extent of spending to support commercialization, market acceptance of our products prior to broad reimbursement, the timing of broad reimbursement, and launch of pipeline products. We are subject to typical risks associated with an early-stage commercial company and are developing the market for multi-cancer early detection. We may encounter complications with executing our business plans that may cause unforeseen expenses and adversely affect our business.

We may in the future enter into arrangements to acquire or invest in complementary businesses, services, technologies, and intellectual property rights, which may require additional financing. We may be required to seek additional capital through equity or debt financing. In the event that additional financing is required, we may not be able to raise it on terms acceptable to us or at all. If we raise additional funds through the issuance of additional debt or equity securities, it could result in dilution to our existing stockholders, increased fixed payment obligations, and the existence of securities with rights that may be senior to those of our common stock. If we incur indebtedness, we could become subject to covenants that would restrict our operations. We may also choose to raise funds through collaborations and licensing arrangements, in which case we may relinquish significant rights or grant licenses on terms that are not favorable to us. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

The following table summarizes our cash flows for the periods presented:

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | April 2, 2023 |
| Net cash used by operating activities | $ (207,286) | $ (170,482) |
| Net cash used by investing activities | (2,548) | (3,064) |
| Net cash provided by financing activities | 312,000 | 108,870 |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (37) | 128 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | $ 102,129 | $ (64,548) |

*Net Cash Used by Operating Activities*

During the three months ended March 31, 2024, net cash used by operating activities consisted of a net loss of $218.9 million, $42.9 million cash payments for equity awards, and cash used by changes in our operating

assets and liabilities of $9.8 million, offset by non-cash charges of $64.3 million. The non-cash adjustments primarily consisted of depreciation and amortization of $40.0 million, and stock-based compensation expense of $29.1 million, which was partially offset by a non-cash benefit of $4.8 million relating to deferred taxes. Changes in operating assets and liabilities was predominantly driven by a decrease in accounts payable of $7.7 million, an increase in prepaids and other current assets of $3.6 million, and a decrease in accrued and other liabilities of $1.1 million, partially offset by a decrease in accounts receivable of $1.9 million, a decrease in net operating lease assets and liabilities of $0.6 million, and a decrease in supplies and supplies—related parties of $0.1 million.

During the three months ended April 2, 2023, net cash used by operating activities consisted of a net loss of $193.7 million, $16.1 million cash payments for equity awards, and cash used by changes in our operating assets and liabilities of $14.8 million, partially offset by adjusted by non-cash charges of $54.1 million. The non-cash adjustments primarily consisted of depreciation and amortization of $39.8 million, and stock-based compensation expense of $21.5 million, which was partially offset by a non-cash benefit of $7.0 million relating to deferred taxes. Changes in operating assets and liabilities was predominantly driven a decrease in accrued and other liabilities of $11.1 million, a decrease in accounts payable of $7.9 million, an increase in supplies and supplies—related parties of $2.5 million, and an increase in prepaids and other current assets of $0.9 million, partially offset by a decrease in accounts receivable of $5.0 million and a decrease in net operating lease assets and liabilities of $2.5 million.

*Net Cash Provided by Investing Activities*

During the three months ended March 31, 2024, net cash used by investing activities primarily consisted of $2.5 million for capital expenditures primarily related to purchases of machinery and equipment for use in our laboratories.

During the three months ended April 2, 2023, net cash used by investing activities primarily consisted of $3.1 million for capital expenditures primarily related to purchases of machinery and equipment for use in our laboratories.

*Net Cash Provided by Financing Activities*

During the three months ended March 31, 2024, net cash provided by financing activities primarily consisted of $312.0 million in funding received from Illumina.

During the three months ended April 2, 2023, net cash provided by financing activities primarily consisted of $109.0 million in funding received from Illumina, offset by $0.1 million of taxes paid related to net share settlement of equity awards.

The following table summarizes our cash flows for the periods presented:

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1, 2021 to August 18, 2021 |
| (in thousands) | | | | |
| Net cash used by operating activities | $ (595,800) | $ (561,313) | $ (485,870) | $ (202,260) |
| Net cash provided by (used by) investing activities | (12,887) | (22,859) | (7,976) | 352,788 |
| Net cash provided by financing activities | 463,766 | 604,817 | 143,931 | 250,811 |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | 305 | (511) | (135) | (64) |
| **Net increase (decrease) in cash and cash equivalents and restricted cash** | **$ (144,616)** | **$ 20,134** | **$ (350,050)** | **$ 401,275** |

***Net Cash Used by Operating Activities***

During the 2021 predecessor period, net cash used by operating activities consisted of a net loss of $336.2 million, adjusted by non-cash charges of $38.4 million, and cash provided by changes in our operating assets and liabilities of $95.5 million. The non-cash charges primarily consisted of stock-based compensation expense of $31.6 million, depreciation of $6.9 million, and amortization of premium on marketable securities of $0.5 million. Cash provided by operating assets and liabilities was primarily a result of an increase in accounts payable of $62.5 million, an increase in accrued and other liabilities of $13.3 million, and an increase in operating lease liabilities which was primarily due to tenant inducements received from our landlord of $18.2 million, respectively.

During the 2021 successor period, net cash used by operating activities consisted of a net loss of $911.5 million, adjusted by non-cash charges of $684.6 million, $185.0 million of cash payments for equity awards and cash used by changes in our operating assets and liabilities of $74.0 million. The non-cash charges primarily consisted of stock-based compensation expense of $650.3 million and depreciation and amortization of $51.5 million, which was partially offset by a non-cash benefit of $17.5 million relating to deferred income tax. The main driver of changes in our operating assets and liabilities was an increase in accounts receivable of $6.1 million, an increase in supplies and supplies—related parties of $3.7 million, and a decrease of accounts payable and accounts payable-related parties of $63.2 million.

During fiscal year 2022, net cash used by operating activities consisted of a net loss of $5.4 billion, adjusted by non-cash charges of $4.9 billion, $41.0 million cash payments for equity awards, and cash used by changes in our operating assets and liabilities of $14.5 million. The non-cash adjustments consisted of goodwill impairment of $4.7 billion, depreciation and amortization of $154.8 million, and stock-based compensation expense of $75.7 million, which was partially offset by a non-cash benefit of $39.1 million relating to deferred taxes. The changes in operating assets and liabilities was predominantly driven by increases in accounts receivable of $8.6 million, an increase in prepaids and other current assets of $11.3 million, an increase in supplies and supplies—related parties of $14.1 million, partially offset by an increase in accrued and other liabilities of $14.0 million.

During fiscal year 2023, net cash used by operating activities consisted of a net loss of $1.5 billion, adjusted by non-cash charges of $939.1 million, $76.9 million cash payments for equity awards, and cash provided by changes in our operating assets and liabilities of $7.7 million. The non-cash adjustments primarily consisted of goodwill and intangible impairment of $718.5 million, depreciation and amortization of $158.7 million, and stock-based compensation expense of $97.2 million, which was partially offset by a non-cash benefit of $38.2 million relating to deferred taxes. Changes in operating assets and liabilities was predominantly driven by a decrease in operating lease assets and liabilities of $6.7 million, an increase in accounts payable of $2.9 million, and an increase in accrued and other liabilities of $2.4 million, partially offset by an increase in supplies and supplies —related parties of $1.9 million, an increase in accounts receivable of $1.4 million, and an increase in prepaids and other current assets of $0.9 million.

***Net Cash Provided by Investing Activities***

During the 2021 predecessor period, net cash provided by investing activities consisted of $574.1 million in proceeds from the sale of and the maturities of marketable securities, partially offset by $159.4 million in purchases of marketable securities and $62.0 million of capital expenditures. Capital expenditures were primarily related to purchases of machinery and equipment for use in our laboratories.

During the 2021 successor period, net cash used by investing activities consisted of $8.0 million for capital expenditures primarily related to purchases of machinery and equipment for use in our laboratories.

During fiscal year 2022, net cash used by investing activities primarily consisted of $22.9 million for capital expenditures primarily related to purchases of machinery and equipment for use in our laboratories.

During fiscal year 2023, net cash used by investing activities primarily consisted of $12.9 million for capital expenditures primarily related to purchases of machinery and equipment for use in our laboratories.

***Net Cash Provided by Financing Activities***

During the 2021 predecessor period, net cash provided by financing activities consisted of $245.0 million in funding from Illumina and $6.0 million of proceeds from the exercise of stock options and the early exercise of unvested stock options, partially offset by $0.2 million of repurchases of early exercised stock options.

During the 2021 successor period, net cash provided by financing activities primarily consisted of $774.0 million in funding received from Illumina, offset by $625.7 million cash payments for acquisition consideration on behalf of Illumina, and by $4.3 million of taxes paid related to net share settlement of equity awards.

During the 2022 successor period, net cash provided by financing activities primarily consisted of $609.0 million in funding received from Illumina, offset by $4.2 million of taxes paid related to net share settlement of equity awards.

During fiscal year 2023, net cash provided by financing activities primarily consisted of $464.0 million in funding received from Illumina, offset by $0.2 million of taxes paid related to net share settlement of equity awards.

**Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements.

**Material Cash Requirements**

Our material cash requirements include the following contractual and other obligations as of March 31, 2024:

***Leases***

Historically, we have entered into operating leases for facilities and equipment used for research and development. Operating leases have remaining lease terms which range from 1 year to 10 years, and often include one or more options to renew. These renewal terms can extend the lease term from 5 to 15 years and are included in the lease term when it is reasonably certain that the option will be exercised. The exercise of lease renewal and termination options are at the sole discretion of GRAIL. We also have variable lease payments that are primarily comprised of common area maintenance and utility charges. As of March 31, 2024, we had undiscounted operating lease payment obligations of $100.1 million, with $17.1 million payable within the next twelve months.

***Purchase Commitments***

Contractual obligations represent future cash commitments and liabilities under agreements with third parties and exclude purchase orders for goods and services that are cancellable. Our non-cancelable purchase orders represent authorizations to purchase rather than binding agreements. The Company’s contractual commitment amounts are associated with agreements that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum services to be used; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. The purchase commitments primarily relate to contractual commitments for future use of web services, laboratory supplies and marketing events in the normal course of

business. As of March 31, 2024, we had non-cancelable purchase obligations of $66.9 million, with $14.6 million payable within the next twelve months.

***Minimum Royalties***

Minimum royalty commitments are associated with licensing agreements related to research efforts. Minimum annual royalty payments do not include royalties that would be payable on net sales of Galleri or any future products, pursuant to existing agreements and licenses with Illumina, The Chinese University of Hong Kong, and other third parties in excess of minimum annual royalty payments. As of March 31, 2024, we had minimum royalties of $7.8 million, with $1.1 million payable within the next twelve months.

**Critical Accounting Estimates**

This discussion and analysis of our financial condition and results of operations is based on our audited Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these audited Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the audited Consolidated Financial Statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are described in more detail in the notes to our audited Consolidated Financial Statements included elsewhere in this Information Statement, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

***Revenue***

Our revenue is derived from screening and development services. Screening revenue includes cancer screening testing services provided to patients. Patients obtain tests via their employers, healthcare systems, payors, concierge medicine practices, or life insurance providers, or they can order the test via telemedicine (collectively referred to as our direct customers).

*Screening Revenue*

We recognize screening revenue from the sale of cancer screening testing services for patients. The test price is based on the negotiated contractual rate with our direct customers, otherwise our standard list price applies. For each specimen received, testing services are performed and test results are electronically delivered to the ordering physician. We identify each sale of our test to a customer as a single performance obligation; therefore, revenue is recognized at the point of time when the test result report is delivered.

For self-pay patients, we have concluded that an implied contract exists, however the transaction price for the implied contract represents variable consideration as there are situations in which we do not expect to collect the full invoiced amounts from self-pay patients due to price concessions. We utilize the expected value approach to estimate the transaction price and apply a constraint for such variable consideration, on a portfolio basis. We monitor the estimated amounts to be collected at each reporting period and assess whether a revision to the estimate is required based on the actual cash collections. Both the estimate and any subsequent revisions are subject to uncertainty and require significant judgment in the estimation and application of the constraint for such variable consideration. We analyze our actual cash collections over the expected collection period and compare it with the estimated variable consideration for each portfolio. The difference is then recognized as an adjustment to revenue when we do not believe there is a probable revenue reversal.

*Development Services Revenue*

We have developed a breakthrough methylation-based technology which is utilized by biopharmaceutical companies in research and clinical studies, and companion diagnostic development. For contracts with multiple performance obligations, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine standalone selling price by considering the historical selling price of these performance obligations in similar transactions as well as other factors, including, but not limited to, the price that customers in the market would be willing to pay, competitive pricing of other vendors, industry publications and current pricing practices, and expected costs of satisfying each performance obligation plus appropriate margin; or by using the residual approach if standalone selling price is not observable, by reference to the total transaction price less the sum of the observable standalone selling prices of other performance obligations promised in the contract.

Biopharmaceutical partners engage with us to run pilot and research studies by sending patient samples and comparing our test result to their expected result for evaluation of performance and application. We recognize revenue as performance obligations are completed.

Following favorable results from pilot and research studies, biopharmaceutical partners may enter into development service agreements with us related to clinical study and companion diagnostic device development and regulatory submissions for the developed product(s). These agreements typically have multiple commitments of services and therefore, have longer performance periods. We use an input method based on costs incurred to measure our progress toward the completion and satisfaction of the performance obligations. We assess the changes to the total expected cost estimates as well as any incremental fees negotiated resulting from changes to the scope of the original contract in determining the revenue recognized at each reporting period.

***Accrued Clinical Studies and Research and Development Expenses***

We accrue for estimated costs of research and development activities conducted by third-party service providers, including those conducting clinical studies. We record the estimated costs of research and development activities based upon the estimated amount of services provided and include these costs in accrued liabilities and accrued liabilities—related parties in our consolidated balance sheets and within research and development and research and development—related parties expenses in our consolidated statements of operations. These costs are a significant component of our research and development expenses. We accrue for these costs based on factors such as estimates of the work completed and in accordance with agreements established with our third-party service providers. We make judgments and estimates in determining the accrued liabilities balance in each reporting period.

***Cash-Based Equity Awards***

We compensate our employees through a long-term incentive program that includes GRAIL cash-based equity incentive awards ("Cash-Based Equity Awards"). As these awards are indexed to the value of GRAIL and settled in cash, they are accounted for under ASC 718 *Compensation - Stock Compensation* as a liability-classified award because the substantive terms of the award require cash settlement on each vesting date. Under ASC 718, we have elected to expense the compensation cost over the life of the award via a straight-line method, recognized in stock-based compensation expense. This method results in the amount of compensation cost recognized as of any date to be at least equal to the earned portion of the expected fair value of the awards on the vest date. Given we do not have an actively traded standalone stock, GRAIL's stand-alone value calculation is estimated by the Company based on its analysis and on input from independent valuation advisors. To estimate the value of GRAIL, various assumptions may be used, such as our long-range financial projections, as well as the discount rate and terminal growth rate. The assumptions used are inherently subject to uncertainty and we note that small changes in these assumptions could have a significant impact on the concluded value.

***Goodwill and Indefinite-Lived Intangible Impairment***

Goodwill represents the costs in excess of the fair value of net assets of GRAIL acquired by Illumina. Indefinite-lived intangible assets consist of GRAIL's in-process research and development ("IPR&D") and were measured by Illumina at fair value as of the Closing Date.

We test goodwill and indefinite-lived intangible assets for impairment annually or more frequently if an event occurs or circumstances change in the interim that would more likely than not reduce the fair value of the asset below its carrying amount. Goodwill and indefinite-lived intangible assets are considered to be impaired when the carrying value of a reporting unit or asset exceeds its fair value. GRAIL currently has one reporting unit.

In the evaluation of goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting entity is less than its carrying value. If we determine that it is more likely than not for a reporting unit's fair value to be greater than its carrying value, a calculation of the fair value is not performed. If we determine that it is more likely than not for a reporting unit's fair value to be less than its carrying value, a calculation of the fair value is performed and compared to the carrying value of that reporting unit. In certain instances, we may elect to forgo the qualitative assessment and proceed directly to the quantitative impairment test. If the carrying value of a reporting unit exceeds its fair value, goodwill of that reporting unit is impaired and an impairment loss is recorded equal to the excess of the carrying value over its fair value.

Generally, we measure the fair value of the reporting unit based on a present value of future discounted cash flows. The discounted cash flow models indicate the fair value of the reporting units based on the present value of the cash flows that the reporting units are expected to generate in the future. Significant estimates in the discounted cash flow models include the weighted average cost of capital, revenue growth rates, long-term rate of growth, and profitability of our business.

Discount rates were determined using a weighted average cost of capital for risk factors specific to us and other market and industry data. In our most recent analysis, we selected a discount rate of 24.0% for the goodwill assessment and 19.0% for the intangible assets assessment. The estimates and assumptions used in our assessment represent a Level 3 measurement because they are supported by little or no market activity and reflect our own assumptions in measuring fair value. The assumptions used are inherently subject to uncertainty and we note that small changes in these assumptions could have a significant impact on the concluded value.

On July 13, 2022, the European General Court ruled that the European Commission had jurisdiction under the European Union Merger Regulation to review the Acquisition. Additionally, on September 6, 2022, the European Commission issued a decision prohibiting the Acquisition. These decisions constituted substantive changes in circumstances and led us to test goodwill for impairment. Based on our analysis, we concluded that our reporting unit's carrying value exceeded its estimated fair value. As a result, we recorded $4.7 billion of goodwill impairment, primarily due to the negative impact of capital market conditions and a higher discount rate selected for the fair value calculation of our business.

In the third quarter of 2023, we concluded that the sustained decrease in Illumina's stock price and overall market capitalization during the quarter was a triggering event indicating the fair value of GRAIL might be less than its carrying amount that led us to test goodwill for impairment. Based on our analysis, we concluded that the carrying value exceeded its estimated fair value. The Company recognized a goodwill impairment of $608.5 million as a result of the impairment assessment, primarily due to changes to expected timing of revenue and a higher discount rate selected for the fair value calculation of GRAIL. In conjunction with the 2023 goodwill impairment assessment, the IPR&D intangible asset was evaluated for potential impairment. Based on the impairment test performed, the Company assessed and determined that the carrying value of the IPR&D intangible asset exceeded its estimated fair value. As a result, the Company recognized an impairment of $110.0 million, primarily due to a decrease in projected cash flows and a higher discount rate selected for the fair value calculation.

**JOBS Act**

We are an emerging growth company under the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"). As an emerging growth company, we may delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have nonetheless irrevocably elected not to avail ourselves of this exemption and, as a result, upon completion of this offering, 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 will remain an emerging growth company until the earliest to occur of the following: (i) the last day of the fiscal year in which our total annual gross revenues first meet or exceed at least $1.235 billion (as adjusted for inflation), (ii) the date on which we have, during the prior three-year period, issued more than $1.0 billion in non-convertible debt, (iii) the last day of the fiscal year in which we (a) have an aggregate worldwide market value of common stock held by non-affiliates of $700 million or more (measured at the end of each fiscal year) as of the last business day of our most recently completed second fiscal quarter and (b) have been a reporting company under the Exchange Act for at least one year (and have filed at least one annual report under the Exchange Act), or (iv) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act.

**Recent Accounting Pronouncements**

See Note 2—Summary of Significant Accounting Policies to our audited Consolidated Financial Statements included elsewhere in this Information Statement for details of recent accounting pronouncements.

**Quantitative and Qualitative Disclosures About Market Risk**

***Interest Rate Sensitivity***

We are exposed to market risk related to changes in interest rates. We had cash and cash equivalents of $199.7 million as of March 31, 2024, which consisted primarily of bank deposits and money market funds. The primary objective of our investment activities is to preserve capital to fund our operations. We do not enter into investments for trading or speculative purposes.

Our investments are subject to interest rate risk and could fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low-risk profile of our investments, a hypothetical 10% relative change in interest rates during any of the periods presented would not have had a material impact on our Consolidated Financial Statements.

***Foreign Currency Sensitivity***

The majority of our transactions occur in U.S. dollars. However, we do have certain transactions that are denominated in currencies other than the U.S. dollar, primarily the British pound, and we therefore are subject to foreign exchange risk. The fluctuation in the value of the U.S. dollar against the foreign currencies affects the reported amounts of expenses, assets, and liabilities associated with certain activities. We do not currently engage in any hedging activity to reduce our potential exposure to currency fluctuations, although we may choose to do so in the future. A hypothetical 10% change in foreign exchange rates during any of the periods presented would not have had a material impact on our Consolidated Financial Statements.

# MANAGEMENT

## Executive Officers of GRAIL Following the Spin-Off

The following table and accompanying narrative present information, as of May 6, 2024, regarding the individuals who are expected to serve as executive officers of GRAIL following the completion of the Spin-Off, including a five-year employment history.

| Name | Age | Position with GRAIL |
|---|---|---|
| Robert Ragusa | 64 | Chief Executive Officer and Director Nominee |
| Aaron Freidin | 46 | Chief Financial Officer |
| Josh Ofman | 59 | President |

## Executive Officers

**Robert Ragusa** has served as our Chief Executive Officer since October 2021 and is expected to serve as a member of our Board of Directors (the "Board") commencing immediately upon completion of the Distribution. Mr. Ragusa was previously Chief Operations Officer for Illumina from December 2013 until October 2021, where he was responsible for the company's operations serving clinical and research customers. Prior to joining Illumina, Mr. Ragusa was Executive Vice President of Engineering and Global Operations at Accuray Incorporated, a radiation oncology company, where he and his team were responsible for the development, manufacturing and distribution of innovative precision treatment solutions. Mr. Ragusa also previously served as Senior Vice President of Global Operations for Applied Biosystems from 1997 until 2005. Mr. Ragusa currently serves on the Board of Directors for Twist Bioscience Corporation, a publicly-held synthetic biology company, since December 2016. Mr. Ragusa holds a B.S. in electrical engineering and an M.B.A. from the University of Connecticut as well as an M.S. in biomedical and electrical engineering from Carnegie Mellon University.

**Aaron Freidin** has served as our Chief Financial Officer since November 2021 and previously served in various roles at GRAIL since 2018, including Senior Vice President of Finance from January 2021 until November 2021, Vice President of Finance from June 2018 until January 2021, and Corporate Controller from August 2016 until June 2018. Mr. Freidin previously served as VP, Corporate Controller at Counsyl, where he led the Accounting, Reporting, Facilities and Procurement functions. Before this, Mr. Freidin led the SEC Reporting and Revenue functions at Cepheid, and managed multinational and cross-functional client service teams at PricewaterhouseCoopers LLP. Mr. Freidin has over 20 years of finance and accounting experience. Mr. Freidin is a Certified Public Accountant (Inactive) and holds a B.A. in business management from the University of California, Santa Cruz.

**Josh Ofman**, M.D., MSHS, has served as our President since June 2021 and previously served as our Chief Medical Officer from November 2021 until June 2022, as our Chief Medical Officer and Head of External Affairs from June 2020 until August 2021, and as Chief of Corporate Strategy and External Affairs from June 2019 until January 2020. Mr. Ofman has served on the Board of Directors of Cell BT, Inc., a privately-held immuno-therapy company focused on the discovery and development of innovative cancer therapeutics, since July 2019. Previously, Mr. Ofman spent more than 15 years at Amgen, where he most recently held the role of Senior Vice President, Global Value, Access and Policy. Prior to that, Mr. Ofman was a faculty member in the Department of Medicine and Health Services Research at University of California, Los Angeles ("UCLA") School of Medicine, Cedars-Sinai Medical Center, as well as Senior Vice President of Zynx Health Inc. Mr. Ofman holds a B.A. in history and philosophy of science from the University of California, Berkeley, an M.D. from the University of California, Irvine, School of Medicine, and an MSHS from the UCLA School of Public Health.

**Board of Directors of GRAIL Following the Spin-Off**

The following table and accompanying narrative present information, as of May 6, 2024, regarding the individuals who are expected to serve on our Board following the completion of the Spin-Off and until their respective successors are duly elected and qualified, including a five-year employment history and any directorships held by our directors in public companies.

| Name | Age | Position with GRAIL |
|---|---|---|
| William (Bill) Chase | 56 | Director Nominee |
| Steve Mizell | 64 | Director Nominee |
| Gregory (Greg) Summe | 67 | Director Nominee |
| Robert Ragusa | 64 | Chief Executive Officer and Director Nominee |

**Directors**

**William (Bill) Chase** is expected to serve as a member of our Board commencing immediately upon completion of the Distribution. Mr. Chase most recently served as Executive Vice President, Finance and Administration and Executive Vice President and Chief Financial Officer at AbbVie Inc. from May 2012 until October 2018, where he oversaw all financial, investor, and IT activities and played a critical strategic role in the company's licensing and acquisition actions. Mr. Chase previously spent nearly 25 years in financial management positions of increasing responsibility at Abbott Laboratories, culminating with his role as Corporate Vice President, Licensing & Acquisitions. He currently serves on the boards of Intellia Therapeutics, Inc., a publicly-traded biotechnology company, since April 2023, and Parexel International, a privately-held biopharmaceutical services company, since November 2021. Mr. Chase holds a B.S. from the University of Illinois and an M.B.A. from the University of Chicago Booth School of Business. We believe that Mr. Chase is qualified to serve as a member of our board of directors because of his extensive experience in the biotechnology and pharmaceutical industry and his extensive financial and accounting experience.

**Steve Mizell** joined is expected to serve as a member of our Board commencing immediately upon completion of the Distribution. Mr. Mizell is the former Executive Vice President and Chief Human Resources Officer at Merck & Co., Inc. ("Merck"), where he served from October 2018 until April 2024, and was responsible for talent acquisition and development, employee wellness, and diversity and inclusion. Mr. Mizell is currently employed by Merck as Senior Advisor to the CEO and will serve in that capacity until his retirement on July 1, 2024. Mr. Mizell previously served as Executive Vice President & Chief Human Resources Officer at Monsanto Company from 2004 until 2018, where he created an industry-leading workplace for more than 20,000 employees globally. Before that, Mr. Mizell served as Senior Vice President and Chief Corporate Resources Officer for AdvancePCS Inc. and previous to that held several key human resources management roles at companies across the energy, defense, manufacturing, communications and technology sectors. He currently serves on the boards of Allegion Plc., a publicly-traded security products company, since February 2020, and Group 1 Automotive, Inc., a publicly-traded automotive retailer since March 2021, and has earned a Directorship Certification® from the National Association of Corporate Directors. Mr. Mizell holds a B.S. from Georgia Institute of Technology and an M.S. from Carnegie Mellon University. We believe that Mr. Mizell is qualified to serve as a member of our board of directors because of his extensive experience in the human capital management and leadership.

**Gregory (Greg) Summe** is expected to serve as a member of our Board commencing immediately upon completion of the Distribution. Mr. Summe is the Founder and Managing Partner of investment fund Glen Capital Partners LLC since June 2014. Mr. Summe previously served as Managing Director and Vice Chairman of Global Buyout at The Carlyle Group from October 2009 until June 2014. Prior to The Carlyle Group, Mr. Summe served for over a decade as Chairman, CEO, and President of PerkinElmer, Inc., a leading diagnostics and life sciences company. He also served as a Senior Advisor at Goldman Sachs Capital Partners and was the President of AlliedSignal, Inc.'s Automotive, Jet Engine, and General Avionics businesses. Previously, he was

the General Manager of General Electric Commercial Motors and a Partner at McKinsey and Company. He currently serves on the boards of NXP Semiconductors N.V., a publicly-traded semiconductor company, since December 2015, State Street Corporation, a publicly-traded financial services company, since 2001, and Avantor, Inc., a publicly-traded Life Sciences company, since May 2020, and is a Senior Advisor at Star Mountain Capital, LLC. Mr. Summe previously served on the board of Virgin Orbit Holdings, Inc., a publicly-traded space launch services company, from December 2021 until August 2023, and on the boards of NextGen Acquisition Corp I & II from July 2020 until December 2021. Mr. Summe holds a B.S. from the University of Kentucky, an M.S. from the University of Cincinnati, and an M.B.A. from the Wharton School of the University of Pennsylvania. We believe that Mr. Summe is qualified to serve as a member of our board of directors because of his extensive corporate leadership, industry, and finance experience.

The biography of Robert Ragusa is set forth under the section entitled "—Executive Officers."

**Director Nomination Process**

Our initial Board will be selected through a process involving Illumina and us. The initial directors who will serve after the Spin-Off are expected to begin their terms at the time of the Distribution, except as noted below.

**Board Structure and Composition**

Upon completion of the Spin-Off, our Board will consist of four members. Our board has determined that each of Messrs. Chase, Mizell, and Summe is independent under the applicable Nasdaq Global Select Market rules.

Our directors will be divided into three classes serving staggered three-year terms. Class I, Class II, and Class III directors will serve until our annual meetings of stockholders in 2024, 2025, and 2026, respectively. The Class I directors will consist of Mr. Chase. The Class II directors will consist of Mr. Mizell. The Class III directors will consist of Messrs. Ragusa and Summe. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our Board could have the effect of increasing the length of time necessary to change the composition of a majority of the Board. In general, at least two annual meetings of stockholders will typically be necessary for stockholders to effect a change in a majority of the members of the Board.

**Leadership Structure of the Board**

Our amended and restated bylaws and corporate governance guidelines provide our Board with flexibility to combine or separate the positions of Chair of our Board and Chief Executive Officer and to implement a lead director in accordance with its determination that utilizing one or the other structure would be in our best interest. Mr. Summe will serve as the Chair of our Board. In that role, Mr. Summe will preside over our Board meetings and the executive sessions of our Board and as a liaison between management and our Board.

Our Board has concluded that our current leadership structure is appropriate at this time. However, our Board will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

**Executive Sessions**

We expect that the independent directors will meet in executive session in which independent directors meet without the presence or participation of management at most regular Board meetings and meet in executive session at other times whenever they believe it appropriate. We expect that Mr. Summe will chair the executive sessions of the independent directors.

**Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended January 1, 2023, GRAIL did not have a compensation committee (or any other committee serving a similar function). Decisions as to the compensation of those who served as our executive officers for that fiscal year required agreement with Illumina (including its compensation committee) on a mutually acceptable and workable approach.

**Committees of the Board**

Effective immediately prior to the commencement of "when issued" trading, the Board will have a standing Audit Committee, and upon the completion of the Spin-Off, our Board is expected to have two additional standing committees: the Compensation Committee and the Nominating and Governance committee. Each committee is governed by a charter that will be available on our website following completion of this Spin-Off.

***Audit Committee***

Following the completion of the Spin-Off, the members of our Audit Committee will consist of Messrs. Chase, Mizell, and Summe, and Mr. Chase will be the chairperson of our Audit Committee. The composition of our Audit Committee meets the requirements for independence under the current listing standards of the Nasdaq Global Select Market and Rule 10A-3 of the Exchange Act. Each member of our Audit Committee is financially literate. In addition, our Board has determined that Mr. Chase is an "audit committee financial expert" within the meaning of the SEC rules. This designation does not impose on such directors any duties, obligations, or liabilities that are greater than are generally imposed on members of our Audit Committee and our Board. Our Audit Committee is directly responsible for, among other things:

- appointing, retaining, compensating, and overseeing the work of our independent registered public accounting firm;
- assessing the independence and performance of the independent registered public accounting firm;
- reviewing with our independent registered public accounting firm the scope and results of the firm's annual audit of our financial statements;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the financial statements that we will file with the SEC;
- pre-approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- reviewing policies and practices related to risk assessment and management;
- reviewing our accounting and financial reporting policies and practices and accounting controls, as well as compliance with legal and regulatory requirements;
- reviewing, overseeing, approving, or disapproving any related-person transactions;
- reviewing with our management the scope and results of management's evaluation of our disclosure controls and procedures and management's assessment of our internal control over financial reporting, including the related certifications to be included in the periodic reports we will file with the SEC; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls, or auditing matters, or other ethics or compliance issues.

***Compensation Committee***

Following the completion of the Spin-Off, the members of our Compensation Committee will consist of Messrs. Chase, Mizell, and Summe, and Mr. Mizell will be the chairperson of our Compensation Committee. Each of Messrs. Chase, Mizell, and Summe is a non-employee director, as defined by Rule 16B-3 of the

Exchange Act and meet the requirements for independence under the current Nasdaq Global Select Market listing standards. Our Compensation Committee is directly responsible for, among other things:

- reviewing and approving the compensation of our executive officers, including reviewing and approving corporate goals and objectives with respect to compensation;
- authority to act as an administrator of our equity incentive plans;
- reviewing and approving, or making recommendations to our Board with respect to, incentive compensation and equity plans;
- reviewing and recommending that our Board approve the compensation for our non-employee board members; and
- establishing and reviewing general policies relating to compensation and benefits of our employees.

***Nominating and Governance Committee***

Following the completion of the Spin-Off, the members of our Nominating and Governance Committee will consist of Messrs. Chase, Mizell, and Summe, and Mr. Summe will be the chairperson of our Nominating and Governance Committee. Messrs. Chase, Mizell, and Summe meet the requirements for independence under the current Nasdaq Global Select Market listing standards. Our Nominating and Governance Committee is responsible for, among other thing:

- identifying and recommending candidates for membership on our Board, including the consideration of nominees submitted by stockholders, and on each of the Board's committees;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing proposed waivers of the code of business conduct and ethics for directors and executive officers;
- overseeing the process of evaluating the performance of our Board; and
- assisting our Board on corporate governance matters.

**Code of Business Conduct and Ethics**

In connection with the Spin-Off, we will adopt a code of business conduct and ethics that applies to all of our employees, officers, and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. Upon completion of the Spin-Off, the full text of our code of business conduct and ethics will be posted on the investor relations section of our website. We intend to disclose future amendments to our code of business conduct and ethics, or any waivers of such code, on our website or in public filings if required.

**Clawback Incentive Policy**

On or prior to the Distribution Date, we intend to adopt a clawback policy to recover certain incentive compensation from certain executive officers of GRAIL in accordance with the final clawback rules and regulations adopted by the SEC under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Nasdaq.

**Director Compensation**

*2023 Director Compensation*

We did not have a board of directors in 2023 and, accordingly, no director compensation was paid in respect of 2023.

*Post-IPO Non-Employee Director Compensation Program*

In connection with the Spin-Off, we intend to approve and implement a compensation program (the "Director Compensation Program") for our non-employee directors (each, an "Eligible Director") that consists of

annual cash retainer fees and a long-term equity awards. Directors who are also full-time officers or employees of our company will receive no additional compensation for serving as directors. The material terms of the Director Compensation Program are summarized below.

The Director Compensation Program consists of the following components for Eligible Directors:

*Cash Compensation*

- Annual Retainer: $50,000
- Annual Committee Chair Retainers:
  - Audit Committee: $20,000
  - Compensation Committee: $15,000
  - Nominating and Governance Committee: $10,000
- Annual Non-Chair Committee Member Retainers:
  - Audit Committee: $10,000
  - Compensation Committee: $7,500
  - Nominating and Governance Committee: $5,000
- Non-Executive Board Chair Additional Retainer: $50,000
- Lead Independent Director Additional Retainer: $35,000

Annual cash retainers will be paid in quarterly installments in arrears and will be pro-rated for any partial calendar quarter of service.

*Equity Compensation*

- *Initial Award*: Each Eligible Director who is initially elected or appointed to serve on the Board after the effective date of this offering will be granted an award of GRAIL RSUs at the time of the election or appointment with a value of approximately $450,000. Each such initial grant of GRAIL RSUs will vest as to one-third of the GRAIL RSUs subject to the award on each of the first three anniversaries of the Eligible Director's election or appointment date (as applicable), subject to the Eligible Director's continued Board service through the applicable vesting date.
- *Annual Award*: Each Eligible Director who is serving on the Board as of the date of an annual meeting of GRAIL's stockholders will be granted, on such annual meeting date, an award of GRAIL RSUs with a value of approximately $250,000 (pro-rated for each Eligible Director who has served on the Board for less than six months, based on the number of days of such Eligible Director's Board service through and including the annual meeting date), which will vest in full on the earlier to occur of (i) the one-year anniversary of the applicable grant date and (ii) the date of the next annual meeting of the GRAIL's stockholders, subject to the Eligible Director's continued Board service through the applicable vesting date.

In addition, each equity award granted to an Eligible Director under the Director Compensation Program will vest in full immediately prior to the occurrence of a "change in control" (as defined in the 2024 Plan (as defined and described below)), to the extent the Eligible Director will not become, as of immediately following such change in control, a board member of the Company or its ultimate parent company.

Compensation under the Director Compensation Program is subject to the annual limits on non employee director compensation set forth in the 2024 Plan (as defined and described below), as described below.

## EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our named executive officers (NEOs) who are named in the "2023 Summary Compensation Table" below. In 2023, our NEOs and their positions were as follows:

- Robert Ragusa, Chief Executive Officer;
- Aaron Freidin, Chief Financial Officer; and
- Josh Ofman, President.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs and policies. Actual compensation programs and policies that we implement following the completion of the Spin-Off may differ materially from the currently planned programs and policies summarized in this discussion.

### Summary Compensation Table

The following table sets forth information concerning the compensation awarded to or earned by our NEOs during our fiscal years ended December 31, 2023 and December 31, 2022.

**2023 SUMMARY COMPENSATION TABLE**

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Non-Equity Incentive Plan Compensation ($)(2) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|---|---|---|
| Robert Ragusa | 2023 | 779,615 | — | 8,400,000 | 678,946 | 19,660 | 9,878,221 |
| *Chief Executive Officer* | 2022 | 746,154 | 1,000,000 | 2,100,000 | 875,000 | — | 4,721,154 |
| Aaron Freidin | 2023 | 556,154 | — | 2,800,000 | 242,170 | 3,000 | 3,601,324 |
| *Chief Financial Officer* | 2022 | 533,461 | — | 1,400,000 | 291,575 | — | 2,225,036 |
| Josh Ofman | 2023 | 654,154 | — | 3,300,000 | 283,495 | 99,118 | 4,336,767 |
| *President* | 2022 | 625,385 | — | 1,475,000 | 343,350 | 169,453 | 2,613,188 |

(1) The amounts shown in this column represent the grant date fair values of Cash-Based Equity Awards granted in 2022 or 2023, as applicable, as computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 718, rather than the amounts paid to or realized by the named individual. For a discussion of the assumptions used to determine the grant date fair value of these awards made to our NEOs in 2023, see Note 7—Stock Incentive Awards in the notes to our audited consolidated financial statements included elsewhere in this prospectus.

(2) With respect to 2023, amounts represent annual bonuses earned by each named executive officer in 2023 and paid in cash in 2024 under our VCP (discussed below under "2023 Annual Bonuses (Non-Equity Incentive Plan Awards)"), based on the attainment of pre-determined individual and company performance metrics. The amount of compensation paid under the VCP in respect of 2023 is as follows (i) for Mr. Ragusa, a VCP bonus of $678,946, (ii) for Mr. Freidin, a VCP bonus of $242,170, and (iii) for Mr. Ofman, a VCP bonus of $283,495.

(3) Amounts in this column include the following for 2023: (i) for Mr. Ragusa: $3,000 in 401(k) plan matching contributions, $8,400 in GRAIL-provided dues for a membership in connection with a 2023 marketing event, $8,260 in payments made to offset taxes imposed on Mr. Ragusa with respect to his GRAIL-provided dues; (ii) for Mr. Freidin: $3,000 in 401(k) plan matching contributions; (iii) for Mr. Ofman: $3,000 in 401(k) plan matching contributions, $72, 079 in payments made to Mr. Ofman to offset his rent expense in 2023 (as contemplated by his initial offer of employment, GRAIL provides Mr. Ofman with a housing

allowance to enable him to spend significant time at GRAIL's headquarters in Menlo Park) and $24,039 in payments made to Mr. Ofman to offset taxes imposed on him with respect to his GRAIL-paid housing benefit.

*2023 Salaries*

The annual base salaries for Robert Ragusa, Aaron Freidin, and Josh Ofman for 2023 were $785,000 (increased from $750,000 in 2022), $560,000 (increased from $535,000 in 2022), and $655,000 (increased from $630,000 in 2022), respectively. Increases in base salary were approved following an analysis of market positioning against peers in alignment with our overall compensation philosophy.

*2023 Annual Bonuses (Non-Equity Incentive Plan Awards)*

Our annual Variable Compensation Program ("VCP") provides the opportunity to eligible employees, including our NEOs, to earn annual cash bonuses based on the achievement of pre-established corporate and individual performance goals for the applicable fiscal year. Individual VCP targets are determined by salary grade and expressed as a percentage of base pay—2023 target bonuses for Messrs. Ragusa, Freidin, and Ofman have not been changed since 2022 and were 100%, 50%, and 50% of applicable base salary, respectively. The payment of any annual bonus, if earned, is contingent upon the applicable participant's (i) continued employment or other service with the company through the applicable payment date, (ii) employment start date commencing on or prior to October 1 of the applicable fiscal year and (iii) continued compliance with company policy and applicable law.

*Equity-Linked Compensation*

Each of our NEOs currently holds Cash-Based Equity Awards representing dollar-denominated, long-term incentive awards which increase or decrease in value based on corresponding changes in our equity value. The Cash-Based Equity Awards generally vest and are paid out incrementally over a four-year period with twenty-five percent (25%) of the award vesting and paid (based on value as of the applicable vesting date) on or shortly after each of the first four anniversaries of the vesting commencement date, subject to continued employment through the applicable vesting date. If we experience a "change in control" (as provided in the Cash-Based Equity Award agreements), the Cash-Based Equity Awards will continue on their terms unless the Cash-Based Equity Awards are not assumed/continued or substituted for in connection with such change in control, in which case the Cash-Based Equity Awards will vest and be paid upon such change in control. The Cash-Based Equity Awards are generally paid in cash, but may be converted into Illumina restricted stock units at Illumina's election, in which case the converted awards would entitle the applicable holder to awards denominated in Illumina common shares and would be valued based on the fluctuation in value of Illumina shares.

For additional information about these awards, please see the sections titled "—Outstanding Equity Awards at Fiscal Year End" and "—Executive Compensation Arrangements" below. For information regarding their treatment in connection with the Spin-Off, see "The Spin-Off—Treatment of Outstanding Equity Incentive Awards" beginning on page 108 of this Information Statement.

We intend to adopt a 2024 Incentive Award Plan, referred to below as the 2024 Plan, in order to facilitate the grant of cash and equity incentives to directors, employees (including our NEOs) and consultants of our company and certain of our subsidiaries and to enable our company and certain of our subsidiaries to obtain and retain services of these individuals following the Spin-Off, which we view as essential to our long-term success. We expect that the 2024 Plan will become effective in connection with the Spin-Off, subject to approval of such plan by Illumina, in its capacity as our sole stockholder, as required by applicable listing requirements. For additional information about the 2024 Plan, please see the section titled "—Executive Compensation Arrangements—2024 Equity Incentive Plan" below.

*Other Elements of Compensation*

*Retirement Plans*

We maintain a tax-qualified 401(k) retirement savings plan for our employees, including our NEOs, who satisfy certain eligibility requirements. Our NEOs are eligible to participate in the 401(k) plan on the same terms generally as other eligible, full-time employees. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. In 2023, we made matching contributions under our 401(k) plan, including for the NEOs, up to a specified percentage of employee contributions and a maximum of $3,000. These matching contributions vest in full after one year of service. We believe that providing a vehicle for tax-deferred retirement savings through our 401(k) plan adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our NEOs, in accordance with our compensation policies.

*Employee Benefits and Perquisites*

*Health/Welfare Plans.* All of our full-time employees, including our NEOs, are eligible to participate in our health and welfare plans, including:

- medical, dental, and vision benefits;
- medical and dependent care flexible spending accounts;
- short-term and long-term disability insurance;
- wellbeing benefits (including mental health, back-up care and family forming benefits); and
- life insurance.

In addition, GRAIL made payments to Mr. Ofman and Mr. Ragusa to offset their rent expense and GRAIL-provided membership expense, respectively, in 2023.

We believe the benefits described above are in-line with market practice and necessary and appropriate to provide a competitive compensation package to our NEOs. There are no executive perquisites.

*No IRC Section 280G "Golden Parachute" Tax Gross-Ups*

Except for tax gross up payments (i) in the amount of $24,039 in 2023 paid to Mr. Ofman to offset taxes imposed on him with respect to his GRAIL-paid housing benefit and (ii) in the amount of $8,260 in 2023 paid to Mr. Ragusa to offset taxes imposed on him with respect to his GRAIL-paid dues, we do not make gross-up payments to cover our NEOs' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our company. Without limiting the foregoing, we have not paid, and have no obligation to pay, any tax gross-ups with respect to any excise taxes imposed under or by operation of the Internal Revenue Code Section 280G "golden parachute" rules.

**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth information concerning the number of shares of common stock underlying outstanding equity incentive awards for each NEO as of December 31, 2023.

| | | Option Awards (1) | | | | Stock Awards(2) | |
|---|---|---|---|---|---|---|---|
| Name | Vesting Commencement Date | Number of Securities Underlying Unexercised Options (#) Exercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Price ($)(3) | Option Expiration Date | Number of shares or units of stock that have not vested (#)(4) | Market value of shares or units of stock that have not vested ($)(5) |
| Robert Ragusa | March 6, 2023(6) | — | — | — | — | NA | 8,400,000 |
| | March 4, 2022(6) | — | — | — | — | NA | 1,651,979 |
| | October 14, 2021(6) | — | — | — | — | NA | 8,698,512 |
| Aaron Freidin | March 6, 2023(6) | — | — | — | — | NA | 2,800,000 |
| | March 4, 2022(6) | — | — | — | — | NA | 1,101,320 |
| | November 16, 2021(6) | — | — | — | — | NA | 2,036,993 |
| | October 6, 2021(6) | — | — | — | — | NA | 1,046,024 |
| | February 17, 2018(7) | 71 | — | 18.25 | 2/17/2028 | — | — |
| Josh Ofman | March 6, 2023(6) | — | — | — | — | NA | 3,300,000 |
| | March 4, 2022(6) | — | — | — | — | NA | 1,160,319 |
| | October 6, 2021(6) | — | — | — | — | NA | 4,954,849 |
| | — (8) | — | 9,786 | 90.77 | 3/6/2030 | — | — |

(1) Amounts disclosed in these columns represent options to purchase Illumina's common stock. These options were originally granted as options to purchase our Class A common stock and were converted to options to purchase Illumina's common stock in connection with GRAIL's acquisition by Illumina.

(2) Amounts disclosed in these columns represent Cash-Based Equity Awards awarded by GRAIL.

(3) The exercise price per share of each option granted was equal to the fair market value of our Class A common stock on the applicable grant date. The exercise price reflected in this column represents the price following the option's conversion into options to purchase Illumina's common stock.

(4) The Cash-Based Equity Awards disclosed here are dollar-denominated, cash-settled awards, the value of which fluctuates with, and is ultimately determined by reference to, the aggregate equity value of GRAIL at the time of settlement as compared to the aggregate equity value of GRAIL at the time of grant (in each case, as determined in accordance with the applicable award agreement). Accordingly, these awards do not cover a discernable number of shares of GRAIL common stock.

(5) Amounts in this column represent the aggregate estimated value of the outstanding Cash-Based Equity Awards as of December 31. 2023.

(6) These Cash-Based Equity Awards vest and are paid out incrementally over a four-year period with twenty-five percent (25%) of the award vesting and paid (based on value as of the applicable vesting date) on or shortly after each of the first four anniversaries of the vesting commencement date, subject to continued employment through the applicable vesting date.

(7) Represents Mr. Freidin's stock option award, which vested in full on November 6, 2022 based on the achievement of applicable performance metrics.

(8) Represents Mr. Ofman's stock option award with respect to Illumina's common stock, which is eligible to vest as to one thirty-sixth (1/36th) of the shares subject thereto on each monthly anniversary of the date on which GRAIL determines that it has delivered at least 250,000 GRAIL multi-cancer early detection blood tests for commercial use, in accordance with the terms and conditions set forth in the award agreement (the "Ofman performance condition"), subject to Mr. Ofman's continued service through the applicable vesting date; provided that (i) if Mr. Ofman's employment with GRAIL is terminated by GRAIL without cause or he resigns for good reason (each as defined in his award agreement) the stock option will vest as to the portion of the option that would have vested over the twelve month period immediately following the

termination date (provided that the Ofman performance condition has been satisfied prior to the termination date) and (ii) the stock option will vest in full in the event that Mr. Ofman's employment is terminated without cause or he resigns for good reason, in either case, during the period commencing three months before the announcement of the signing of a definitive agreement to consummate a change in control and ending twelve months following the consummation of such change in control. This option is early-exercisable, meaning that it can be exercised before it vests for restricted shares subject to the same vesting provisions as apply to the underlying option.

## EXECUTIVE COMPENSATION ARRANGEMENTS

Below is a description of the material terms of each employment contract, agreement, plan, or arrangement that provides for the employment of, and payments to, our NEOs (including such payments to be made at, following or in connection with the resignation, retirement, or other termination of an NEO, or following a change in control).

### Offer Letters and Separation and General Release Agreement

*Robert Ragusa Offer Letter*

We have entered into an employment offer letter with Robert Ragusa, dated October 14, 2021, pursuant to which Mr. Ragusa serves as our Chief Executive Officer. Mr. Ragusa's employment pursuant to the offer letter is "at-will" and is terminable by either party with or without notice or cause.

Pursuant to his offer letter, Mr. Ragusa was entitled to receive an initial base salary of $725,000 (increased to $785,000 in 2023). In addition, pursuant to his offer letter, Mr. Ragusa is eligible to participate in our VCP with a target bonus of 100% of his base salary. In connection with his entry into his offer letter, Mr. Ragusa was granted a Cash-Based Equity Award with an initial award value of $15,800,000 (subject to adjustment based on changes in our equity value) vesting in annual increments as to 25% of the award on each of the first four anniversaries of grant, and received a signing bonus in the amount of $4,000,000, of which 50% was subject to clawback in the event of a voluntary resignation or termination by us without cause within 12 months of commencing employment with us. The offer letter also provides that Mr. Ragusa will be entitled to receive standard benefits in accordance with our policies.

Pursuant to the offer letter, if Mr. Ragusa's employment is terminated by us without cause or Mr. Ragusa resigns with good reason (each as defined in the offer letter), then, in addition to any accrued benefits and subject to his timely execution of an effective separation and release agreement in a form prescribed by us, Mr. Ragusa will be entitled to receive the following severance payments and benefits: (i) a lump-sum cash payment in an amount equal to the sum of (x) 12 months of base salary and (y) 100% of Mr. Ragusa's target bonus under the VCP, (ii) reimbursement for the cost of health benefits under COBRA for up to 12 months, and (iii) accelerated vesting of any outstanding equity award(s) (or portion thereof) that would have vested over 12 months following such termination had Mr. Ragusa's service not terminated (with performance-vesting awards being deemed vested at target).

In the event of a change in control transaction, if outstanding and unvested equity awards are not assumed by the acquirer or successor, Mr. Ragusa's outstanding and unvested equity awards shall accelerate in full as of immediately prior to the closing of the change in control transaction. In addition, pursuant to his offer letter, if Mr. Ragusa's employment is terminated by us without cause or he resigns for good reason, in either case, within 24 months following or within 3 months preceding a change in control, then Mr. Ragusa will instead be entitled to receive the following severance payments and benefits (subject to the same separation and release agreement requirements and in lieu of the amounts described above): (i) a lump-sum cash payment in an amount equal to 24 months of base salary, (ii) a lump-sum cash payment in an amount equal to 200% of Mr. Ragusa's target bonus under the VCP, (iii) reimbursement for the cost of health benefits under COBRA for up to 24 months, and (iv) full accelerated vesting of outstanding and unvested equity awards (including Cash-Based Equity Awards, and with performance vesting awards vesting based on target performance).

*Aaron Freidin Letter Agreement*

We have entered into a letter agreement with Aaron Freidin, dated July 5, 2018, pursuant to which Mr. Freidin's employment is "at-will" and terminable by either party with or without notice or cause. The letter agreement provides that if Mr. Freidin's employment is terminated by us without cause or Mr. Freidin resigns for

good reason (each as defined in the letter agreement), then, in addition to accrued benefits and subject to his timely execution of an effective separation and release agreement in a form prescribed by us, Mr. Freidin will be entitled to receive the following severance payments and benefits: (i) a lump-sum cash payment in an amount equal to nine months of base salary and (ii) reimbursement for the cost of health benefits under COBRA for up to nine months.

In addition, pursuant to Mr. Freidin's letter agreement, if Mr. Freidin's employment is terminated by us without cause or Mr. Freidin resigns for good reason, in either case, within 12 months following or 3 months preceding a change in control, then Mr. Freidin will instead be entitled to receive the following severance payments and benefits (subject to the same separation and release agreement requirements and in lieu of the amounts described above): (i) a lump-sum cash payment in an amount equal to 12 months of base salary, (ii) a lump-sum cash payment in an amount equal to 100% of Mr. Freidin's target bonus under the VCP, (iii) reimbursement for the cost of health benefits under COBRA for up to 12 months, and (iv) full accelerated vesting of outstanding and unvested equity awards (including Cash-Based Equity Awards and with performance vesting awards vesting based on target performance).

*Josh Ofman Offer Letter*

We have entered into an employment offer letter with Josh Ofman, dated May 13, 2019, pursuant to which Mr. Ofman serves as our President. Mr. Ofman's employment under the offer letter is "at-will" and is terminable by either party with or without notice or cause.

Pursuant to his offer letter, Mr. Ofman was entitled to receive an initial base salary of $500,000 (in 2023, Mr. Ofman's base salary was $655,000) and is eligible to participate in our VCP with a target bonus of 50% of his base salary. In connection with his entry into the offer letter, Mr. Ofman was granted an option to purchase 2,340,000 shares of Grail common stock, vesting as to one-fourth of the shares subject thereto on the first anniversary of the vesting commencement date and thereafter as to one-forty-eighth of the shares subject thereto on each monthly anniversary of the vesting commencement date, subject to continued service on the applicable vesting date, and received a signing bonus in the amount of $750,000, subject to clawback in the event of termination by us for cause or resignation by Mr. Ofman without good reason, in either case, within 12 months of commencing employment with us, and reimbursement for relocation expenses, also subject to clawback in the event of termination by us for cause or resignation by Mr. Ofman without good reason, in either case, within 12 months of the payment date. Mr. Ofman's relocation has not yet occurred and GRAIL has continued to reimburse Mr. Ofman for the cost of rental housing. Effective as of December 15, 2023, GRAIL committed to reimburse Mr. Ofman for up to 50% of Mr. Ofman's monthly housing rental cost, up to a maximum of $4,438 per month until February 28, 2025 and to pay an additional amount to Mr. Ofman to offset the amount of taxes payable by Mr. Ofman as a result of such reimbursement.

Pursuant to the offer letter, in the event that Mr. Ofman's employment is terminated by us without cause or Mr. Ofman resigns for good reason (each as defined in the offer letter), then, in addition to accrued benefits and subject to his timely execution of an effective separation and release agreement in a form prescribed by us, Mr. Ofman will be entitled to receive the following severance payments and benefits: (i) a lump-sum cash payment in an amount equal to nine months of base salary and (ii) reimbursement for the cost of health benefits under COBRA for up to nine months.

In addition, pursuant to the offer letter, in the event that Mr. Ofman's employment is terminated by us without cause or Mr. Ofman resigns for good reason, in either case, within 12 months following or 3 months preceding a change in control, then Mr. Ofman will instead be entitled to receive the following severance payments and benefits (subject to the same separation and release agreement requirements and in lieu of the amounts described above): (i) a lump-sum cash payment in an amount equal to 12 months of base salary, (ii) a lump-sum cash payment in an amount equal to 100% of Mr. Ofman's target bonus under the VCP, (iii) reimbursement for the cost of health benefits under COBRA for up to 12 months, and (iv) full accelerated

vesting of outstanding and unvested equity awards (including Cash-Based Equity Awards and with performance vesting awards vesting based on target performance).

**2024 Equity Incentive Plan**

We have adopted the 2024 Incentive Award Plan, or the 2024 Plan, which was approved by Illumina, in its capacity as our sole stockholder, as required by applicable listing requirements, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate, and retain the talent for which we compete. The material terms of the 2024 Plan are summarized below.

*Eligibility and Administration*. Our employees, consultants, and directors, and employees, consultants, and directors of our subsidiaries, will be eligible to receive awards under the 2024 Plan, however, only our employees will be eligible to receive incentive stock options ("ISOs"). Following the Spin-Off, the 2024 Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our board of directors and/or officers (referred to, collectively, as the plan administrator below), subject to certain limitations that may be imposed under the 2024 Plan, Section 16 of the Exchange Act, and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2024 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2024 Plan, including any vesting and vesting acceleration conditions.

*Shares Available*. An aggregate number of shares of our common stock equal to 23% of the fully diluted shares of our common stock outstanding immediately following the Distribution (inclusive of any awards converted into GRAIL equity awards in the conversion) will be available for issuance under awards granted pursuant to the 2024 Plan, which shares may be authorized but unissued shares or shares purchased in the open market. Notwithstanding anything to the contrary in the 2024 Plan, no more than 10 million shares of our common stock may be issued pursuant to the exercise of ISOs under the 2024 Plan.

The number of shares available for issuance will be increased annually on the first day of each calendar year beginning January 1, 2025 and ending on and including January 1, 2034, equal to the lesser of (A) 5% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares as is determined by our board of directors.

If an award under the 2024 Plan expires, lapses, or is terminated, exchanged for, or settled in cash, surrendered, repurchased, canceled without having been fully exercised, or forfeited, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the 2024 Plan. Further, shares delivered to us to satisfy the applicable exercise or purchase price of an award under the 2024 Plan and/or to satisfy any applicable tax withholding obligations (including shares retained by us from such award being exercised or purchased and/or creating the tax obligation) will become or again be available for grants under the 2024 Plan. The payment of dividend equivalents in cash in conjunction with any awards under the 2024 Plan will not reduce the shares available for grant under the 2024 Plan. However, the following shares may not be used again for grant under the 2024 Plan: (i) shares subject to SARs that are not issued in connection with the stock settlement of the stock appreciation rights ("SAR") on exercise and (ii) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the 2024 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction, or the conversion or substitution of the Cash-Based Equity Awards for awards under the 2024 Plan, in each case, will not reduce the shares available for grant under the 2024 Plan but will count against the maximum number of shares that may be issued upon the exercise of ISOs.

The 2024 Plan provides that the sum of any cash compensation and the aggregate grant date fair value (determined as of the date of the grant under ASC Topic 718, or any successor thereto) of all awards granted to a non-employee director as compensation for services as a non-employee director during any calendar year may not exceed the amount equal to $750,000, increased to $1,000,000, in the fiscal year of a non-employee director or any year in which a non-employee director serves as lead independent director.

*Awards*. The 2024 Plan provides for the grant of stock options, including ISOs and non-qualified stock options ("NSOs"), SARs, restricted stock, dividend equivalents, restricted stock units ("RSUs"), and other stock- or cash-based awards. Certain awards under the 2024 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2024 Plan will be evidenced by award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options and SARs*. Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, in contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. 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 exercise price of a stock option or SAR may not be less than 100% of the fair market value of the underlying share on the grant date (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute awards granted in connection with a corporate transaction. The term of a stock option or SAR may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders).
- *Restricted Stock*. Restricted stock is an award of nontransferable shares of our common stock that are subject to certain vesting conditions and other restrictions.
- *RSUs*. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met and may be accompanied by the right to receive the equivalent value of dividends paid on shares of common stock prior to the delivery of the underlying shares (i.e., dividend equivalent rights). 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 RSUs will be determined by the plan administrator, subject to the conditions and limitations contained in the 2024 Plan.
- *Other Stock- or Cash-Based Awards*. Other stock- or cash-based awards are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock- or cash-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.
- *Dividend Equivalents*. Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of the dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed, or expires, as determined by the plan administrator. Dividend equivalents are only paid out to the extent that the vesting conditions of the underlying award are subsequently satisfied.

*Certain Transactions*. The plan administrator has broad discretion to take action under the 2024 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions

and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations, and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as "equity restructurings," the plan administrator will make equitable adjustments to the 2024 Plan and outstanding awards. In the event of a change in control of our Company (as defined in the 2024 Plan), to the extent that the surviving entity declines to continue, convert, assume, or replace outstanding awards, then all such awards will become fully vested and exercisable in connection with the transaction. If, however, the surviving entity assumes outstanding awards and, on or within 12 months of such change in control, a participant's employment or service is involuntarily terminated by the Company (or the surviving entity or its affiliates) other than for cause (as defined in the 2024 Plan) and other than due to death or disability (as defined in the 2024 Plan), then all such awards will become fully vested and exercisable as of the date of such termination. Awards under the 2024 Plan are generally non-transferrable, except by will or the laws of descent and distribution, or, subject to the plan administrator's consent, pursuant to a domestic relations order, and are generally exercisable only by the participant.

*Foreign Participants, Claw Back Provisions, Transferability, and Participant Payments*. The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw back policy implemented by our Company to the extent set forth in such claw back policy and/or in the applicable award agreement. With regard to tax withholding, exercise price, and purchase price obligations arising in connection with awards under the 2024 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a "market sell order," or such other consideration as it deems suitable.

*Plan Amendment and Termination*. The plan administrator may amend or terminate the 2024 Plan at any time; however, no amendment, other than an amendment that increases the number of shares available under the 2024 Plan, may materially and adversely affect an award outstanding under the 2024 Plan without the consent of the affected participant, and stockholder approval will be obtained for any amendment to the extent necessary to comply with applicable laws or to increase the director limit. The plan administrator will have the authority, without the approval of our stockholders, to "reprice" any stock option or SAR, or cancel any stock option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. The 2024 Plan will remain in effect until the tenth anniversary of the date the board of directors adopted the 2024 Plan, unless earlier terminated by our board of directors.

**2024 Employee Stock Purchase Plan**

In connection with the Spin-Off, we have adopted the 2024 Employee Stock Purchase Plan, or the 2024 ESPP, which was approved by Illumina, in its capacity as our sole stockholder, as required by applicable listing requirements. The material terms of the 2024 ESPP are summarized below.

The 2024 ESPP is comprised of two distinct components in order to provide increased flexibility to grant options to purchase shares under the 2024 ESPP to our U.S. and non-U.S. employees. Specifically, the 2024 ESPP authorizes (i) the grant of options to U.S. employees that are intended to qualify for favorable U.S. federal tax treatment under Section 423 of the Code (the "Section 423 Component") and (ii) the grant of options that are not intended to be tax qualified under Section 423 of the Code to facilitate participation for employees located outside of the U.S. who do not benefit from favorable U.S. federal tax treatment and to provide flexibility to comply with non-U.S. law and other considerations (the "Non-Section 423 Component"). Where permitted under local law and custom, we expect that the Non-Section 423 Component will generally be operated and administered on terms and conditions similar to the Section 423 Component.

*Shares Available for Awards; Administration*. An aggregate number of shares of our common stock equal to 1.1% of the fully diluted shares of our common stock outstanding immediately following the Distribution

(inclusive of any awards converted into GRAIL equity awards in the conversion). In addition, the number of shares available for issuance under the 2024 ESPP will be annually increased on January 1 of each calendar year beginning in 2025 and ending in and including 2034, by an amount equal to the lesser of (A) one percent of the shares of our common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares as is determined by our board of directors. Our board of directors or a committee of our board of directors will administer and will have authority to interpret the terms of the 2024 ESPP and determine the eligibility of participants. We expect that the compensation committee will be the initial administrator of the 2024 ESPP.

*Eligibility*. We expect that our employees and the employees of certain of our subsidiaries participating in the 2024 ESPP from time to time, or our designated subsidiaries, will be eligible to participate in the 2024 ESPP if they meet the eligibility requirements under the 2024 ESPP established from time to time by the plan administrator, consistent with Section 423 of the Code, as applicable. However, an employee may not be granted rights to purchase stock under our 2024 ESPP if the employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of our common or other class of stock. Neither non-employee directors nor consultants are eligible to participate in the 2024 ESPP. Employees who choose not to participate, or who are not eligible to participate at the start of an offering period but who become eligible thereafter, may enroll in any subsequent offering period.

*Grant of Rights*. Stock will be offered under the 2024 ESPP during offering periods. The length of the offering periods under the 2024 ESPP will be determined by the plan administrator and may be up to twenty-seven months long. Employee payroll deductions will be used to purchase shares on each purchase date during an offering period. The purchase dates for each offering period will be the final trading day in the purchase period (or, if no purchase period is specified, the final day of the offering period). The number of purchase periods within, and purchase dates during, each offering period will be established by the plan administrator. Offering periods under the 2024 ESPP will commence when determined by the plan administrator. We expect the initial offering period under the 2024 ESPP to commence on the pricing date of our common stock in the Spin-Off. The plan administrator may, in its discretion, modify the terms of future offering periods.

The 2024 ESPP will permit participants to purchase shares of our common stock through payroll deductions of up to a specified percentage of their eligible compensation, which will include a participant's gross cash compensation for services to us, including prior-week adjustments, overtime payments, compensation paid by the company or an designated subsidiary during any leaves of absence, commissions, incentive compensation, and bonuses, but excluding education or tuition reimbursements, travel expenses, business and moving reimbursements, income received in connection with any compensatory equity awards, fringe benefits, other special payments, and all contributions made by the company or any designated subsidiary for the participant's benefit under any employee benefit plan. In any non-U.S. jurisdictions where participation in the 2024 ESPP through payroll deductions is prohibited (if any), the plan administrator may provide that an eligible employee may elect to participate through contributions to his or her account under the 2024 ESPP in a form acceptable to the plan administrator in lieu of or in addition to payroll deductions. The plan administrator will establish a maximum number of shares that may be purchased by a participant during any offering period or purchase period, which, in the absence of a contrary designation, will be 20,000 shares. In addition, no participant will be permitted to accrue the right to purchase stock under the Section 423 Component at a rate in excess of $25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our common stock as of the first day of the offering period).

On the first trading day of each offering period, each participant will automatically be granted an option to purchase shares of our common stock. The option will be exercised on the applicable purchase date(s) during the offering period, to the extent of the payroll deductions (or contributions, as applicable) accumulated during the applicable purchase period. The purchase price of the shares, in the absence of a contrary designation by the plan administrator, will be 85% of the lower of the fair market value of our common stock on the first trading day of the offering period or on the applicable purchase date (which will be the final trading day of the applicable purchase period), whichever is lower. Participants may voluntarily end their participation in the 2024 ESPP at

any time at least two weeks prior to the end of the applicable offering period (or such longer or shorter period specified by the plan administrator in the applicable offering terms), and will be paid their accrued payroll deductions (and contributions, if applicable) that have not yet been used to purchase shares of common stock. If a participant withdraws from the 2024 ESPP during an offering period, the participant cannot rejoin until the next offering period. Participation ends automatically upon a participant's termination of employment.

A participant may not transfer rights granted under the 2024 ESPP other than by will or the laws of descent and distribution, and such rights are generally exercisable only by the participant.

*Certain Transactions*. In the event of certain non-reciprocal transactions or events affecting our common stock, the plan administrator will make equitable adjustments to the 2024 ESPP and outstanding rights. In the event of certain unusual or non-recurring events or transactions, including a change in control, the plan administrator may provide for (i) either the replacement of outstanding rights with other rights or property or termination of outstanding rights in exchange for cash, (ii) the assumption or substitution of outstanding rights by the successor or survivor corporation or parent or subsidiary thereof, if any, (iii) the adjustment in the number and type of shares of stock subject to outstanding rights, (iv) the use of participants' accumulated payroll deductions to purchase stock on a new purchase date prior to the next scheduled purchase date and termination of any rights under ongoing offering periods, or (v) the termination of all outstanding rights.

*Plan Amendment*. The plan administrator may amend, suspend, or terminate the 2024 ESPP at any time. However, stockholder approval will be obtained for any amendment that increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the 2024 ESPP.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this Information Statement, Illumina beneficially owns all the outstanding shares of our common stock. After the Spin-Off, Illumina may own up to 14.5% of our common stock.

The following tables provide information regarding the anticipated beneficial ownership of our common stock immediately following the Distribution. Except as otherwise noted below, we based the share amounts on each person's beneficial ownership of Illumina common stock on April 26, 2024, giving effect to a distribution ratio pursuant to which, for every six shares of Illumina common stock he, she, or it held, one share of our common stock will be distributed. Immediately following the Spin-Off, we estimate that 31.1 million shares of our common stock will be issued and outstanding, based on the approximately 159.3 million shares of Illumina common stock outstanding on April 26, 2024. The actual number of shares of our common stock outstanding following the Spin-Off will be determined on the Record Date, , 2024.

To the extent our directors and executive officers own Illumina common stock at the Record Date of the Spin-Off, they will participate in the Distribution on the same terms as other holders of Illumina common stock.

### Share Ownership Information for Directors and Officers

The following table shows the number of shares of GRAIL common stock expected to be beneficially owned by our expected directors, named executive officers and expected directors and executive officers as a group immediately following the Distribution based on the assumptions set forth above. None of these individuals, or the group as a whole, would be expected to beneficially own more than 1 percent of our common stock immediately following the Distribution. Except as otherwise noted in the footnotes below, each person or entity identified in the table has sole voting and investment power with respect to the securities he, she, or it holds.

| Directors and Executive Officers | Common Stock | Other Shares That May be Acquired Within 60 days[1] | Total Shares Beneficially Owned |
|---|---|---|---|
| William (Bill) Chase | — | — | — |
| Aaron Freidin | 1,483 | — | 1,483 |
| Steve Mizell | — | — | — |
| Josh Ofman | 7,930 | 1,631 | 9,561 |
| Robert Ragusa | 858 | — | 858 |
| Gregory (Greg) Summe | — | — | — |
| Directors and executive officers as a group (6 persons) | 10,271 | 1,631 | 11,902 |

(1) For Mr. Ofman represents unvested stock options that were early-exercisable as of April 26, 2024, meaning that it could be exercised as of such date for restricted shares subject to the same vesting provisions as applied to the underlying option.

**Certain Beneficial Owners**

The following table shows all holders known to GRAIL that are expected to be beneficial owners of more than 5 percent of the outstanding shares of GRAIL common stock immediately following the completion of the Distribution based on the assumptions set forth above.

| Name and Address | Shares | Percent of Class |
|---|---|---|
| The Vanguard Group[1]<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | 3,029,586 | 9.8% |
| Blackrock, Inc.[2]<br>50 Hudson Yards<br>New York, NY 10001 | 2,217,113 | 7.1% |

(1) This information is based on a Schedule 13G/A filed with the SEC on February 13, 2024, reporting beneficial ownership of 18,177,520 shares of Illumina common stock. Based on the information contained in such Schedule 13G/A, it is anticipated that The Vanguard Group will be deemed to have shared voting power with respect to 33,724 shares of GRAIL's common stock, sole dispositive power with respect to 2,917,316 of such shares, and shared dispositive power with respect to 112,270 of such shares.

(2) This information is based on a Schedule 13G/A filed with the SEC on January 25, 2024, reporting beneficial ownership of 13,302,678 shares of Illumina common stock. Based on the information contained in such Schedule 13G/A, it is anticipated that BlackRock, Inc. will be deemed to have sole voting power with respect to 2,026,104 shares of GRAIL's common stock and sole dispositive power with respect to 2,217,113 of such shares.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Agreements with Illumina

Following the Spin-Off, we and Illumina will operate independently. Immediately after the Distribution becomes effective, Illumina may retain up to 14.5% of our common stock and we will not have any ownership interest in Illumina. The IRS private letter ruling requires that all retained shares be sold or otherwise disposed of by Illumina as soon as warranted consistent with the business reasons for the retention of those shares, but in no event later than five years after the Distribution. Such dispositions could include a sale of its shares for cash, distributions of GRAIL common stock to Illumina stockholders or securityholders as dividends, or in exchange for outstanding shares of Illumina common stock, indebtedness, or other securities, or any combination thereof. In order to govern the ongoing relationships between us and Illumina after the Spin-Off and to facilitate an orderly transition, we intend to enter into a series of agreements with Illumina to effect the Spin-Off, to provide a framework for the relationship between GRAIL and Illumina after the separation and to provide for various rights and obligations following the Spin-Off, in each case, pursuant to which we and Illumina will agree to indemnify each other against certain liabilities arising from our respective businesses. The following summarizes the terms of the material agreements we expect to enter into with Illumina. The summaries of these agreements are qualified in their entirety by reference to the full text of the applicable agreements, which are included as exhibits to our Registration Statement on Form 10, of which this Information Statement is a part.

#### *Separation and Distribution Agreement*

We and Illumina intend to enter into a separation and distribution agreement (the "Separation and Distribution Agreement") that will set forth our agreements with Illumina regarding the principal actions to be taken in connection with the Spin-Off. It will also set forth other agreements that govern aspects of our relationship with Illumina following the Spin-Off.

##### *The Distribution*

The Separation and Distribution Agreement will govern Illumina's and our respective rights and obligations regarding the proposed Distribution. On or prior to the Distribution, Illumina will deliver at least 85.5% of the issued and outstanding shares of our common stock to the distribution agent. Following the Distribution Date, the distribution agent will electronically deliver the shares of our common stock to Illumina stockholders based on the distribution ratio. The Illumina Board will have the sole and absolute discretion to determine the terms of, and whether to proceed with, the Distribution, subject to the terms of the Separation and Distribution Agreement.

##### *Conditions*

The Separation and Distribution Agreement will also provide that several conditions must be satisfied or waived by Illumina in its sole and absolute discretion, subject to the terms of the Separation and Distribution Agreement, before the Distribution can occur. For further information about these conditions, see the section entitled "The Spin-Off—Conditions to the Spin-Off" beginning on page 113 of this Information Statement. The Illumina Board may determine the Record Date and the Distribution Date and may at any time prior to the execution of the Separation and Distribution Agreement decide to abandon or modify the Spin-Off.

##### *Indemnification*

We and Illumina will each agree to indemnify the other and each of the other's former and current directors, officers, and employees, and each of the heirs, executors, successors, and assigns of any of them, against certain liabilities incurred in connection with the Spin-Off and our and Illumina's respective businesses. The amount of either Illumina's or our indemnification obligations will be reduced by any insurance proceeds the party being indemnified receives. The Separation and Distribution Agreement will also specify procedures regarding claims subject to indemnification.

*Disposal Funding*

Prior to the completion of the Spin-Off, Illumina will contribute to us an amount, in cash, so as to cover 2.5 years of our operations based on the projected operating free cash flow set forth in our long range plan (such amount, the "Disposal Funding"). We may be required to return all or a portion of the Disposal Funding to Illumina in the event of certain transactions before the 15-month anniversary of the Distribution Date (the "Restricted Period"). Subject to limited exceptions, if we pay any dividend on, or make any other distribution in respect of, any shares of our common stock or other equity or voting interests (other than a stock dividend or a stock split), or otherwise consummate a return of capital to any of our equityholders or redeem, purchase, or otherwise acquire any of our outstanding shares of common stock or other equity or voting interests during the Restricted Period, then we must return to Illumina the aggregate amount of payments to equityholders as a result of or in connection with such a transaction. Additionally, in connection with certain change of control transactions during the Restricted Period, we must return to Illumina a cash amount calculated by reference to the number of months which have elapsed since the Distribution Date at the time of the public announcement of the event giving rise to the change of control.

***Tax Matters Agreement***

We and Illumina intend to enter into a tax matters agreement (the "Tax Matters Agreement") prior to the Distribution that will govern the parties' respective rights, responsibilities, and obligations after the Distribution with respect to all tax matters (including tax liabilities, tax attributes, tax returns, and tax contests).

The Tax Matters Agreement will generally allocate liability for any taxes and related losses resulting from the failure of the Spin-Off and certain related transactions to qualify for their intended tax treatment under U.S. federal income tax law between Illumina and us generally based on which party was responsible for causing such transactions not to qualify for the intended tax treatment, with each party generally responsible for breaches of its own representations and covenants and transactions involving its own stock, provided Illumina will generally bear any taxes and losses imposed on Illumina if the retention and disposition of its retained stake in GRAIL cause the Spin-Off to be taxable to Illumina.

The Tax Matters Agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, redemptions or repurchases, business combinations, sales of assets, and similar transactions) that will be designed to address compliance with Section 355 of the Code and preserve the tax-free nature of the Spin-Off. These restrictions will apply for the two-year period after the Distribution unless Illumina obtains an opinion from counsel or a ruling from the IRS generally to the effect that a restricted action will not cause the Spin-Off or certain related transactions to fail to qualify for its intended tax treatment, or Illumina gives its consent for us to take a restricted action. These restrictions may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may maximize the value of our business, and might discourage or delay a strategic transaction that our stockholders may consider favorable.

***Employee Matters Agreement***

We and Illumina intend to enter into an employee matters agreement (the "Employee Matters Agreement") that will address certain employment, compensation, and benefits matters, including the allocation and treatment of certain assets and liabilities relating to our employees and compensation and benefit plans and programs in which our employees participate prior to the Spin-Off.

*Assumption and Retention of Liabilities*

From and after the Distribution Date, except as otherwise provided in the Employee Matters Agreement, we will generally assume or retain all employee and benefit plan liabilities with respect to our current or former employees and benefit plans and Illumina will generally assume or retain all employee and benefit liabilities with respect to their current or former employees and benefit plans.

*Treatment of GRAIL Cash-Based Equity Awards and Illumina Equity Awards Held by GRAIL Employees*

Effective as of the Distribution Date, each outstanding and unvested portion of the Cash-Based Equity Awards as of immediately prior to the Distribution Date will be converted into GRAIL RSUs, with the number of shares of GRAIL common stock subject to such GRAIL RSUs equal to (i) the "Aggregate Award Value" (as defined below) for such Cash-Based Equity Award divided by (ii) the average of the volume weighted average per share price of GRAIL Stock on the first four trading days immediately following the Distribution Date (the "GRAIL Share Value"). All other terms and conditions of the awards, including vesting and payment terms, will be unaffected by the conversion. The Employee Matters Agreement also provides for an intermediate conversion of the Cash-Based Equity Awards in order to satisfy certain legal requirements under the documentation of the award agreements, but this intermediate conversion does not affect the value of the awards or the number of shares of GRAIL Stock subject to the resulting GRAIL RSUs.

For each Cash-Based Equity Award, the "Aggregate Award Value" is equal to, (i) for the portion of such award originally scheduled to vest in 2024, the initial grant value of such portion, and (ii) for the remaining unvested portion of such award, the initial grant value of such portion adjusted up or down based on a percentage, with such percentage determined by (A) GRAIL's average closing market capitalization for the four trading days immediately following the Distribution Date *minus* the aggregate equity value of GRAIL at the time the Cash-Based Equity Award was granted, as reflected in the consolidated financial statements of Illumina (the "Baseline Equity Value"), *divided* by (B) the Baseline Equity Value.

The Employee Matters Agreement will also provide that, upon the Distribution Date, Illumina stock options held by our employees will generally convert into equivalent GRAIL stock awards with adjustments to the number of awards and option exercise prices to preserve the award's value. All other vesting terms and conditions that apply to such stock options prior to the conversion will be unaffected by the conversion.

The Employee Matters Agreement will also provide for the establishment of the 2024 Incentive Award Plan, the expected terms of which are described above under "Executive Compensation Arrangements—2024 Equity Incentive Plan". The 2024 Incentive Award Plan will be subject to the approval of Illumina, as the sole equityholder of GRAIL.

*Collective Bargaining Agreements*

We will agree to take all actions that are necessary for us to continue to maintain and comply with any collective bargaining agreements and any pre-existing collective bargaining relationships in respect of any of our UK-based employees and any applicable employee representatives.

***Stockholder and Registration Rights Agreement***

We and Illumina intend to enter into a stockholder and registration rights agreement (the "Stockholder and Registration Rights Agreement") pursuant to which we will grant to Illumina certain registration rights with respect to the shares of our common stock owned by Illumina. Illumina may transfer these rights in certain limited circumstances, including in connection with an equity-for-debt exchange to a third-party lender (a "Permitted Transferee" and, collectively with Illumina, "Holders"), and such Holders will thereafter be bound by the terms of the Stockholder and Registration Rights Agreement.

*Demand Registration*

Holders will be able to request registration under the Securities Act of all or any portion of their shares of our common stock covered by the Stockholder and Registration Rights Agreement, and we will be obligated, subject to limitations on minimum offering size and certain other limited exceptions, to register such shares as requested by such Holders. Holders will generally be able to designate the terms of each offering effected pursuant to a demand registration, which may take the form of a shelf registration, and will be able to request that we complete up to three demand registrations in any 12-month period, provided that we shall not be obligated to effect more than five demand registration in the aggregate.

We will not be required to honor a demand registration if we have effected a registration within the preceding 60 days. In addition, if we reasonably determine in good faith that filing a registration statement would be significantly disadvantageous to us, we may, no more than twice during any 12-month period, delay filing such registration statement until the earlier of 90 days after we make such determination or seven days after the disadvantageous condition no longer exists, provided that these postponement rights shall not be applicable to the Holders for more than a total of 120 days during any 12-month period.

*Piggy-Back Registration*

If we at any time intend to file on our behalf or on behalf of any of our other security holders a registration statement in connection with a public offering of any of our securities on a form and in a manner that would permit the registration for offer and sale of shares of our common stock held by Holders, Holders will have the right to include their shares of our common stock in that offering, subject to certain limitations.

*Indemnification*

The Stockholder and Registration Rights Agreement will contain customary indemnification and contribution provisions by us for the benefit of Holders and, in limited situations, by Holders for the benefit of us with respect to the information provided by such Holders included in any registration statement, prospectus, or related document.

*Voting Restrictions*

Illumina will agree to vote any shares of our common stock that it retains in proportion to the votes cast by our other stockholders and will grant us a proxy to vote its shares of our common stock in such proportion. Any such proxy, however, will be automatically revoked as to a particular share upon any sale or transfer of such share from Illumina to a person other than Illumina, and neither the Stockholder and Registration Rights Agreement nor proxy will limit or prohibit any such sale or transfer.

***Ongoing Commercial Agreements***

In addition to the above agreements, we are also currently party to, or intend to enter into, various other agreements with Illumina and its subsidiaries, including a supply and commercialization agreement and license agreements.

In January 2016, we entered into a supply and commercialization agreement with Illumina. The agreement was amended and restated in February 2017, and subsequently amended in September 2017, August 2021, and May 2023. Under the terms of the agreement, we agreed to pay to Illumina a high single-digit royalty, subject to certain reductions and floors, in perpetuity on net sales generated by our products or revenues otherwise generated or received by us, regardless of whether these products incorporate any Illumina intellectual property, subject to certain exceptions, in the field of oncology. In August 2021, following Illumina's acquisition of GRAIL, the agreement was amended to suspend the royalty payments for as long as GRAIL is an affiliate of Illumina. The Divestment Plan (as defined in the section entitled "The Spin-Off—Background" beginning on page 102 of this Information Statement) permits Illumina to maintain the royalty arrangement with GRAIL. In connection with the separation of GRAIL from Illumina via the Spin-Off, GRAIL will no longer be an affiliate of Illumina, and the Supply Agreement will be further amended to extend the suspension of the perpetual royalty agreement until the earlier of two-and-a-half years or any earlier change of control of GRAIL, at which time royalty payments to Illumina will resume, without retroactive effect. In addition, upon the execution of such amendment, we may elect to purchase instruments, supplies, and services from Illumina either pursuant to the Open Offer or the Grandfathered Pricing.

Under the agreement, Illumina granted us non-exclusive rights to use certain Illumina know-how and technology with Illumina products purchased under the agreement, and we granted Illumina an irrevocable,

perpetual, worldwide, fully paid-up, and royalty-free license covering improvements to certain Illumina know-how and technology. Pursuant to the agreement, we were also required to develop a small-variant targeted plasma assay and deliver it to Illumina, which we have done. We retain ownership of the intellectual property generated by the development of this assay, and we have granted Illumina an irrevocable, perpetual, non-exclusive license to use any of the intellectual property embodied in this assay, with certain limitations on sublicensing.

The term of the agreement is 10 years, subject to two-year automatic renewal periods unless one of the parties terminates prior to such renewal period; however, the term is limited to a maximum term of 20 years. The agreement may also be terminated by either party for uncured material breach or bankruptcy or insolvency of the other party. Illumina may terminate the agreement if it is notified by any regulatory authority that our performance under the agreement materially violates an applicable law or due to a change of control of GRAIL involving a competitor of Illumina. Upon the termination of the agreement for any reason, the licenses granted to us by Illumina under the agreement would terminate but our licenses to Illumina survive the termination of the agreement. Our royalty payment obligations also survive the termination of this agreement. In February 2019, pursuant to the terms of the supply and commercialization agreement with Illumina, we entered into two separate non-exclusive and non-sublicensable license agreements with Illumina. Under these license agreements, Illumina is required to pay us (i) initial aggregate licensing fees of $50,000, (ii) annual minimum aggregate royalties of $50,000, increasing by $10,000 annually to a maximum of $100,000, and (iii) running royalties in the low percentages of net sales of products utilizing in-licensed technology. In addition, one of the license agreements includes a milestone of $50,000 tied to the first commercial sale of a product covered by a licensed patent.

***Other Arrangements***

Prior to the Spin-Off, we have had various other arrangements with Illumina, including arrangements whereby (i) pursuant to the binding Hold Separate Commitments put in place by Illumina and the Transitional Measures imposed by the European Commission, GRAIL has been held and operated separately and independently from Illumina and Illumina funded GRAIL's operations and (ii) in connection with Illumina's acquisition of GRAIL in 2021 (the "Acquisition"), Illumina issued to the then-holders of GRAIL common stock and preferred stock, at each holder's election in lieu of cash consideration otherwise payable in the Acquisition, contingent value rights ("CVRs") representing the right to receive future cash payments from Illumina on a quarterly basis representing a pro rata portion of certain GRAIL-related revenues. Subject to the terms of the Divestment Plan to be approved by the European Commission, Illumina may (i) conduct a tender offer to acquire all issued and outstanding CVRs and, if permitted under the terms of the CVR Agreement, redeem all remaining outstanding CVRs or (ii) retain the CVR liability and continue its obligation to make payments following the Spin-Off. GRAIL does not currently have, and following the Spin-Off, will not have any obligation to make payments in respect of the CVRs.

**Policy and Procedures Governing Related Person Transactions**

We have a written Related-Persons Transaction Policy, to be effective upon the completion of the Spin-Off, that applies to our executive officers, directors, director nominees, holders of more than five percent of any class of our voting securities, and any member of the immediate family of, and any entity affiliated with, any of the foregoing persons. Such persons will not be permitted to enter into a related person transaction with us without the prior consent of our Audit Committee, or other independent members of our Board in the event it is inappropriate for our Audit Committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, director nominee, principal stockholder, or any of their immediate family members or affiliates, in which the amount involved exceeds $120,000, must first be presented to our Audit Committee for review, consideration, and approval. In approving or rejecting any such proposal, our Audit Committee will consider the relevant facts and circumstances available and deemed relevant to our Audit Committee, including, but not limited to, the commercial reasonableness of the terms of the transaction and the materiality and character of the related person's direct or indirect interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

# DESCRIPTION OF OUR CAPITAL STOCK

## General

Prior to the Distribution Date, our Board of Directors (the "Board"), will approve and adopt our Certificate of Incorporation and our Bylaws. The following summarizes information concerning our capital stock, including material provisions of our Certificate of Incorporation and our Bylaws that will be in effect at the time of the Distribution and certain provisions of Delaware law. You are encouraged to read the forms of our Certificate of Incorporation and our Bylaws, which will be filed as exhibits to our Registration Statement on Form 10, of which this Information Statement is part, for greater detail with respect to these provisions.

## Authorized Capital Stock

Immediately following the Spin-Off, our authorized capital stock will consist of 1,500,000,000 shares of common stock, par value $0.001 per share and 50,000,000 shares of preferred stock, par value $0.001 per share.

## Common Stock

***Shares Outstanding***. Immediately following the Spin-Off, we estimate that approximately 31.1 million shares of our common stock will be issued and outstanding, based in part on approximately 159.3 million shares of Illumina common stock outstanding as of April 26, 2024. The actual number of shares of our common stock outstanding immediately following the Spin-Off will depend, in part, on the actual number of shares of Illumina common stock outstanding on the Record Date, and will reflect any issuance of new shares or exercise of outstanding options pursuant to Illumina's equity-based incentive compensation plans on or prior to the Record Date. There will be no shares of preferred stock outstanding.

***Dividend Rights***. Holders of shares of our common stock will be entitled to receive dividends when, as and if declared by our Board at its discretion out of funds legally available for that purpose, subject to the preferential rights of any preferred stock that may be outstanding. See the sections entitled "Dividend Policy" and "Risk Factors—Risks Relating to Our Common Stock—We do not expect to pay any dividends for the foreseeable future" beginning on pages 115 and 97 respectively, of this Information Statement.

***Voting Rights***. Each share of common stock is entitled to one vote upon any matter submitted to a vote of our stockholders, including the election of directors. Holders of our common stock will vote as a single class on all matters submitted to a stockholder vote, subject to any voting rights granted to holders of any preferred stock. Holders of the common stock are not entitled to any cumulative voting rights.

***Liquidation***. In the event of our liquidation, dissolution, or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

***Other Rights***. The holders of our common stock have no preemptive rights or other subscription rights.

There are no redemption or sinking fund provisions applicable to our common stock.

## Preferred Stock

Our Board has the authority to issue the preferred stock in one or more series and to fix the rights, preferences, privileges, and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences, and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders. The issuance of preferred stock may have the effect of delaying, deterring, or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. At present, we have no plans to issue any of the preferred stock.

**Certain Provisions of Delaware Law, Our Certificate of Incorporation and Bylaws**

***Election and Removal of Directors; Vacancies***

Our Board will consist of between five and fifteen directors. The exact number of directors will be fixed from time to time by resolution of the Board. Directors will be elected by a plurality of the votes of the shares of our capital stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

No director may be removed except for cause, and directors may be removed for cause only by an affirmative vote of shares representing not less than a majority of the shares then entitled to vote at an election of directors.

Any vacancy occurring on the Board and any newly created directorship may be filled only by a majority of the remaining directors in office.

***Staggered Board***

Immediately after the Spin-Off, our Board will be divided into three classes serving staggered three-year terms. Class I, Class II, and Class III directors will serve until our annual meetings of stockholders in 2025, 2026 and 2027, respectively. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our Board could have the effect of increasing the length of time necessary to change the composition of a majority of the Board. In general, at least two annual meetings of stockholders will typically be necessary for stockholders to effect a change in a majority of the members of the Board.

***Limitation on Action by Written Consent***

Our Certificate of Incorporation and our Bylaws provide that holders of our common stock will not be able to act by written consent without a meeting.

***Stockholder Meetings***

Our Certificate of Incorporation and our Bylaws provide that special meetings of our stockholders may be called only at the direction of the Chief Executive Officer, the Board, or the Chairperson of the Board or the Lead Independent Director. Our Certificate of Incorporation and our Bylaws specifically deny any power of any other person to call a special meeting.

***Amendment of Certificate of Incorporation***

The provisions of our Certificate of Incorporation described under "—Election and Removal of Directors; Vacancies," "—Stockholder Meetings," "—Limitation on Action by Written Consent," "—Limitation of Liability of Directors and Officers," "—Common Stock—Voting Rights," and "—Forum Selection" and provisions relating to amendments to our Certificate of Incorporation may be amended only by the affirmative vote of holders of at least 66-2/3% of the voting power of our outstanding shares of voting stock. The affirmative vote of holders of at least a majority of the voting power of our outstanding shares of stock will generally be required to amend other provisions of our Certificate of Incorporation.

***Amendment of Bylaws***

Certain provisions of our Bylaws may generally be altered, amended, or repealed, and new bylaws may be adopted, with the affirmative vote of a majority of directors present at any regular or special meeting of the Board called for that purpose, provided that any alteration, amendment, or repeal of, or adoption of any bylaw inconsistent with specified provisions of the bylaws, including those related to special and annual meetings of

stockholders, action of stockholders by written consent, nomination of directors, transfers of capital stock and dividends requires the affirmative vote of at least 66-2/3% of all directors in office at a meeting called for that purpose.

All other provisions of our Bylaws may generally be altered, amended, or repealed, and new bylaws may be adopted, with the affirmative vote of holders of 66-2/3% of the voting power of our outstanding shares of voting stock.

***Other Limitations on Stockholder Actions***

Our Bylaws impose some procedural requirements on stockholders who wish to:

- make nominations in the election of directors;
- propose that a director be removed;
- propose any repeal or change in our Bylaws; or
- propose any other business to be brought before an annual or special meeting of stockholders.

Under these procedural requirements, in order to bring a proposal before a meeting of stockholders, a stockholder must deliver timely notice of a proposal pertaining to a proper subject for presentation at the meeting to our corporate secretary along with the following:

- a description of the business or nomination to be brought before the meeting and the reasons for conducting such business at the meeting;
- the stockholder's name and address;
- any material interest of the stockholder in the proposal;
- the number of shares beneficially owned by the stockholder and evidence of such ownership; and
- the names and addresses of all persons with whom the stockholder is acting in concert and a description of all arrangements and understandings with those persons, and the number of shares such persons beneficially own.

To be timely, a stockholder must generally deliver notice:

- in connection with an annual meeting of stockholders, not less than 90 nor more than 120 days prior to the date on which the annual meeting of stockholders was held in the immediately preceding year, but in the event that the date of the annual meeting is more than 30 days before or more than 60 days after the anniversary date of the preceding annual meeting of stockholders, a stockholder notice will be timely if received by us no later than the 120 days prior to such annual meeting and not later than (i) 90 days prior to the date of the annual meeting or, if later, (2) the 10th day following the day on which we first publicly announce the date of the annual meeting; or
- in connection with the election of a director at a special meeting of stockholders, during the period not less than 90 nor more than 120 days prior to the date of the special meeting, or the 10th day following the day on which a notice of the date of the special meeting was mailed to the stockholders or the public disclosure of that date was made.

In order to submit a nomination for our Board, a stockholder must also submit all information with respect to the nominee that would be required to be included in a proxy statement, as well as other information. If a stockholder fails to follow the required procedures, the stockholder's proposal or nominee will be ineligible and will not be voted on by our stockholders.

***Indemnification of Directors and Officers and Limitation of Liability of Directors and Officers***

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and agents against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending, or completed actions, suits, or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee, or agent to the registrant. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Our Certificate of Incorporation provides that, to the fullest extent permitted by law, we will indemnify any officer or director of our company against all damages, claims, and liabilities arising out of the fact that the person is or was our director or officer, or served any other enterprise at our request as a director or officer. Amending this provision will not reduce our indemnification obligations relating to actions taken before an amendment. GRAIL has entered into indemnification agreements with each of its current directors, executive officers, and certain other officers to provide these directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our Certificate of Incorporation and our Bylaws and to provide additional procedural protections. There is no pending litigation or proceeding involving a director or executive officer of GRAIL for which indemnification has been sought.

Our Certificate of Incorporation also provides that no director or officer will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director or officer, except as required by applicable law, as in effect from time to time. Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability of:

- a director or officer for any breach of the director's or officer's duty of loyalty to our company or our stockholders;
- a director of officer for any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- a director for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law;
- a director or officer for any transaction from which the director or officer derived an improper personal benefit; and
- an officer in any action by or in the right of our company.

As a result, neither we nor our stockholders have the right, through stockholders' derivative suits on our behalf, to recover monetary damages against a director or officer for breach of fiduciary duty as a director or officer, including breaches resulting from grossly negligent behavior, except in the situations described above.

***Forum Selection***

Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, or other employee of our company to us or our stockholders; (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or our Certificate of Incorporation and bylaws; or (iv) any action asserting a claim governed by the internal affairs doctrine. This provision would not apply to claims brought to enforce a duty or liability created by the Securities

Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, our Certificate of Incorporation will also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and have consented to the foregoing forum selection provisions.

Our exclusive forum provision will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

The enforceability of similar federal court choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find either of the choice of forum provisions contained in our Certificate of Incorporation or Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the company or its directors, officers or other employees, which may discourage such lawsuits against the company and its directors, officers, and other employees and result in increased costs for investors to bring a claim.

***Delaware Business Combination Statute***

We have elected to be subject to Section 203 of the Delaware General Corporation Law. Section 203 prevents an "interested stockholder," which is defined generally as a person owning 15% or more of a corporation's voting stock, or any affiliate or associate of that person, from engaging in a broad range of "business combinations" with the corporation for three years after becoming an interested stockholder unless:

- the Board of the corporation had previously approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, that person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or
- following the transaction in which that person became an interested stockholder, the business combination is approved by the Board of the corporation and holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

Under Section 203, the restrictions described above also do not apply to specific business combinations proposed by an interested stockholder following the announcement or notification of designated extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors, if such extraordinary transaction is approved or not opposed by a majority of the directors who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors.

Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. Section 203 also may have the effect of preventing changes in our management and could make it more difficult to accomplish transactions that our stockholders may otherwise deem to be in their best interests.

***Anti-Takeover Effects of Some Provisions***

Certain provisions of our Certificate of Incorporation and Bylaws could make the following more difficult:

- acquisition of control of us by means of a proxy contest, tender offer, or otherwise; or
- removal of our incumbent officers and directors.

These provisions, as well as our ability to issue preferred stock, are designed to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us, and that the benefits of this increased protection outweigh the disadvantages of discouraging those proposals, because negotiation of those proposals could result in an improvement of their terms.

***Registration Rights***

We and Illumina intend to enter into a Stockholder and Registration Rights Agreement. For additional information, see "Certain Relationships and Related Party Transactions—Stockholder and Registration Rights Agreement" beginning on page 235 of this Information Statement.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock will be Computershare.

**Stock Exchange Listing**

We intend to list our common stock on the Nasdaq Global Select Market under the ticker symbol "GRAL."

## WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form 10 with the SEC with respect to the shares of our common stock that Illumina's stockholders will receive in the Distribution, as contemplated by this Information Statement. This Information Statement is a part of, and does not contain all the information set forth in, the Registration Statement and the other exhibits and schedules to the Registration Statement. For further information with respect to us and our common stock, please refer to the Registration Statement, including its other exhibits and schedules. Statements we make in this Information Statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document.

As a result of the Spin-Off, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934, which we refer to as the "Exchange Act," and, in accordance with the Exchange Act, we will file periodic reports, proxy statements, and other information with the SEC. The SEC maintains a website, www.sec.gov, that contains periodic reports, proxy statements, and information statements and other information regarding issuers, like us, that file electronically with the SEC. The Registration Statement, including its exhibits and schedules, and the periodic reports, proxy statements, and information statements and other information that we file electronically with the SEC will be available for inspection and copying at the SEC's website.

You can also find a copy of the Registration Statement and our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, in each case, filed with or furnished to the SEC pursuant to the Exchange Act, on our website, https://grail.com, which we will make available free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

**Information contained on, or connected to, any website we refer to in this Information Statement does not and will not constitute a part of this Information Statement or the Registration Statement of which this Information Statement is a part.**

We intend to furnish holders of our common stock with annual reports containing financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this Information Statement or to which this Information Statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this Information Statement.

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS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## Report of Independent Registered Public Accounting Firm

To the Board of Directors of Illumina, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated financial statements of GRAIL, LLC (Successor), which comprise the consolidated balance sheets as of December 31, 2023 and January 1, 2023, and the related consolidated statements of operations and comprehensive loss, member's equity and cash flows for the period from August 19, 2021 to January 2, 2022 and for the years ended January 1, 2023 and December 31, 2023, and the related notes to the financial statements, and the consolidated financial statements of GRAIL, Inc. (Predecessor), which comprise the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' deficit and cash flows for the period from January 1, 2021 to August 18, 2021, and the related notes to the consolidated financial statements, 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 Successor at December 31, 2023 and January 1, 2023, and the results of operations and cash flows of the Successor for the period from August 19, 2021 to January 2, 2022 and for the years ended January 1, 2023 and December 31, 2023 and of the Predecessor for the period from January 1, 2021 to August 18, 2021 in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Predecessor's and Successor's management. Our responsibility is to express an opinion on the Predecessor's and Successor's 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 Predecessor and Successor 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 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 financial statements are free of material misstatement, whether due to error or fraud. The Predecessor and Successor are 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 Predecessor's and Successor'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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ *Ernst & Young LLP*

We have served as the Company's auditor since 2023.

San Diego, California
March 8, 2024

**GRAIL, LLC**

**CONSOLIDATED BALANCE SHEETS (SUCCESSOR)**

(in thousands)

| | December 31, 2023 | January 1, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 97,287 | $ 241,596 |
| Accounts receivable, net | 16,862 | 15,346 |
| Accounts receivable, net—related parties | 80 | 213 |
| Supplies | 14,788 | 14,771 |
| Supplies—related parties | 6,907 | 4,984 |
| Prepaid expenses and other current assets | 20,100 | 18,655 |
| Prepaid expenses and other current assets—related parties | 41 | 68 |
| Total current assets | 156,065 | 295,633 |
| Property and equipment, net | 81,355 | 91,501 |
| Property and equipment, net—related parties | 3,640 | 2,515 |
| Operating lease right-of-use assets | 84,386 | 104,707 |
| Restricted cash | 4,225 | 4,532 |
| Intangible assets, net | 2,687,223 | 2,935,556 |
| Goodwill | 888,936 | 1,497,402 |
| Other non-current assets | 7,984 | 6,140 |
| **Total assets** | **$ 3,913,814** | **$ 4,937,986** |
| **Liabilities and member's equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 18,845 | $ 15,189 |
| Accounts payable—related parties | 828 | 2,292 |
| Accrued liabilities | 73,711 | 64,962 |
| Accrued liabilities—related parties | 95 | 116 |
| Incentive plan liabilities | 54,513 | 35,935 |
| Operating lease liabilities, current portion | 14,809 | 13,335 |
| Other current liabilities | 809 | 3,112 |
| Total current liabilities | 163,610 | 134,941 |
| Operating lease liabilities, net of current portion | 69,598 | 82,675 |
| Deferred tax liability, net | 32,921 | 71,075 |
| Other non-current liabilities | 1,498 | 3,134 |
| Total liabilities | 267,627 | 291,825 |
| Commitments and contingencies (Note 6) | | |
| Member's equity | 11,421,446 | 10,955,907 |
| Accumulated other comprehensive income | 1,066 | 894 |
| Accumulated deficit | (7,776,325) | (6,310,640) |
| Total member's equity | 3,646,187 | 4,646,161 |
| **Total liabilities and member's equity** | **$ 3,913,814** | **$ 4,937,896** |

**See accompanying notes to consolidated financial statements.**

**GRAIL, LLC**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except share and per share data)

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18, 2021 |
| Revenue: | | | | |
| Screening revenue | $ 74,347 | $ 39,123 | $ 7,074 | $ 1,953 |
| Screening revenue—related parties | 652 | 694 | 381 | 46 |
| Development services revenue | 18,106 | 15,733 | 4,978 | 180 |
| Total revenue | 93,105 | 55,550 | 12,433 | 2,179 |
| Costs and operating expenses: | | | | |
| Cost of screening revenue (exclusive of amortization of intangible assets) | 39,284 | 27,998 | 4,664 | 4,965 |
| Cost of screening revenue—related parties | 8,682 | 4,142 | 662 | 227 |
| Cost of development services revenue | 6,623 | 5,741 | 624 | 261 |
| Cost of development services revenue—related parties | 238 | 227 | 133 | — |
| Cost of revenue—amortization of intangible assets | 133,889 | 133,889 | 44,630 | — |
| Research and development | 318,088 | 310,431 | 309,781 | 138,366 |
| Research and development—related parties | 20,657 | 19,145 | 1,475 | 10,590 |
| Sales and marketing | 162,292 | 122,328 | 100,512 | 24,814 |
| General and administrative | 200,062 | 173,494 | 478,071 | 160,140 |
| General and administrative—related parties | 206 | 614 | 35 | 4 |
| Goodwill and intangible impairment | 718,466 | 4,700,431 | — | — |
| Total costs and operating expenses | 1,608,487 | 5,498,440 | 940,587 | 339,367 |
| Loss from operations | (1,515,382) | (5,442,890) | (928,154) | (337,188) |
| Other income (expense): | | | | |
| Interest income | 7,954 | 1,740 | 19 | 313 |
| Other income (expense), net | (208) | (238) | (884) | 642 |
| Total other income (expense), net | 7,746 | 1,502 | (865) | 955 |
| Loss before income taxes | (1,507,636) | (5,441,388) | (929,019) | (336,233) |
| Benefit from income taxes | 41,951 | 42,290 | 17,477 | — |
| **Net loss** | **$ (1,465,685)** | **$ (5,399,098)** | **$ (911,542)** | **$ (336,233)** |
| Net loss attributable to Class A and Class B common stockholders (Predecessor) | | | | |
| Basic and Diluted | | | | $ (2.25) |
| Weighted-average shares of Class A and Class B common stock used in computing net loss per share attributable to Class A and Class B common stockholders (Predecessor): | | | | 149,574,238 |

**See accompanying notes to consolidated financial statements.**

**GRAIL, LLC**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(in thousands)

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18, 2021 |
| Net loss | $ (1,465,685) | $ (5,399,098) | $ (911,542) | $ (336,233) |
| Other comprehensive income (loss): | | | | |
| Net unrealized loss on marketable securities, net of tax | — | — | — | (101) |
| Foreign currency translation income (loss) adjustment | 172 | 579 | 315 | (701) |
| **Comprehensive loss** | **$ (1,465,513)** | **$ (5,398,519)** | **$ (911,227)** | **$ (337,035)** |

**See accompanying notes to consolidated financial statements.**

**GRAIL, LLC**

**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY (SUCCESSOR)**

(in thousands)

| | Member's Equity | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Member's Equity |
|---|---|---|---|---|
| **Balance as of August 19, 2021** | **$ 9,745,477** | **$ —** | **$ —** | **$ 9,745,477** |
| Net loss | — | — | (911,542) | (911,542) |
| Stock-based compensation expense | 639,188 | — | — | 639,188 |
| Other comprehensive income | — | 315 | — | 315 |
| Distribution to member, net | (42,915) | — | — | (42,915) |
| **Balance at January 2, 2022** | **10,341,750** | **315** | **(911,542)** | **9,430,523** |
| Net loss | — | — | (5,399,098) | (5,399,098) |
| Stock-based compensation expense | 9,884 | — | — | 9,884 |
| Other comprehensive income | — | 579 | — | 579 |
| Contribution from member, net | 604,273 | — | — | 604,273 |
| **Balance as of January 1, 2023** | **10,955,907** | **894** | **(6,310,640)** | **4,646,161** |
| Net loss | — | — | (1,465,685) | (1,465,685) |
| Stock-based compensation expense | 1,773 | — | — | 1,773 |
| Other comprehensive income | — | 172 | — | 172 |
| Contribution from member, net | 463,766 | — | — | 463,766 |
| **Balance as of December 31, 2023** | **$11,421,446** | **$ 1,066** | **$(7,776,325)** | **$ 3,646,187** |

**See accompanying notes to consolidated financial statements.**

**GRAIL, LLC**

**CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT (PREDECESSOR)**

(in thousands, except share data)

| | Redeemable Convertible Preferred Stock | | | | | | | | Common Stock | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Preferred Series A | | Preferred Series B | | Preferred Series C | | Preferred Series D | | Class A | | Class B | | Additional Paid-In Capital | Accumulated Other Compre-Hensive (loss) Income | Accumulated Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | |
| **Balance as of January 1, 2021** | **85,000,000** | **$68,263** | **309,256,591** | **$1,235,404** | **63,144,600** | **$299,557** | **76,743,836** | **$391,694** | **121,672,294** | **$ 123** | **24,989,397** | **$ 28** | **$ 180,952** | **$ 3,602** | **$(1,617,787)** |
| Issuance of shares upon exercise of options | — | | — | | — | | — | | 6,775,603 | 6 | — | — | 5,972 | — | — |
| Repurchases of early exercised stock options | — | — | — | — | — | — | — | — | (20,000) | — | — | — | (5) | — | (165) |
| Vesting of early exercised stock options | — | — | — | — | — | — | — | — | — | — | — | — | 878 | — | — |
| Net loss | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (336,233) |
| Continuation payment received from Illumina—related party | — | — | — | — | — | — | — | — | — | — | — | — | 245,000 | — | — |
| Stock-based compensation expense | — | — | — | — | — | — | — | — | — | — | — | — | 31,647 | — | — |
| Other comprehensive loss | — | — | — | — | — | — | — | — | — | — | — | — | — | (802) | — |
| **Balance at August 18, 2021** | **85,000,000** | **$68,263** | **309,256,591** | **$1,235,404** | **63,144,600** | **$299,557** | **76,743,836** | **$391,694** | **128,427,897** | **$ 129** | **24,989,397** | **$ 28** | **$ 464,444** | **$ 2,800** | **$(1,954,185)** |

**See accompanying notes to consolidated financial statements.**

**GRAIL, LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18, 2021 |
| Cash flows from operating activities | | | | |
| **Net loss** | **$ (1,465,685)** | **$ (5,399,098)** | **$ (911,542)** | **$ (336,233)** |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | | |
| Amortization of intangibles assets | 138,333 | 138,333 | 46,111 | — |
| Depreciation | 20,364 | 16,430 | 5,422 | 6,916 |
| Stock-based compensation expense | 97,235 | 75,729 | 650,260 | 31,647 |
| Cash payment for equity awards | (76,910) | (41,009) | (184,963) | — |
| Deferred income taxes | (38,153) | (39,063) | (17,477) | — |
| Amortization of premium on marketable securities | — | — | — | 498 |
| Goodwill and intangible impairment | 718,466 | 4,700,431 | — | — |
| Other | 2,829 | 1,398 | 281 | (637) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | (1,516) | (8,584) | (6,089) | (672) |
| Accounts receivable—related parties | 133 | (92) | (79) | (43) |
| Supplies | (17) | (11,868) | (1,334) | (1,569) |
| Supplies—related parties | (1,923) | (2,214) | (2,409) | (361) |
| Operating lease right-of-use assets and liabilities, net | 6,712 | 4,924 | 1,412 | 19,859 |
| Prepaid expenses and other assets | (935) | (11,287) | 1,468 | 168 |
| Prepaid expenses and other current assets—related parties | 27 | 761 | (706) | 442 |
| Accounts payable | 5,194 | 9 | (61,267) | 62,531 |
| Accounts payable—related parties | (2,305) | 2,331 | (1,947) | 1,980 |
| Accrued and other liabilities | 2,372 | 13,956 | (2,881) | 13,335 |
| Accrued and other liabilities—related parties | (21) | (2,400) | (130) | (121) |
| **Net cash used by operating activities** | **(595,800)** | **(561,313)** | **(485,870)** | **(202,260)** |
| Cash flows from investing activities | | | | |
| Purchases of property and equipment | (10,243) | (21,104) | (7,158) | (59,857) |
| Purchases of property and equipment—related parties | (2,644) | (1,755) | (818) | (2,093) |
| Purchases of marketable securities | — | — | — | (159,411) |
| Proceeds from sale of marketable securities | — | — | — | 400,367 |
| Proceeds from maturities of marketable securities | — | — | — | 173,782 |
| **Net cash provided by (used by) investing activities** | **(12,887)** | **(22,859)** | **(7,976)** | **352,788** |
| Cash flows from financing activities | | | | |
| Proceeds from exercise of stock options | — | — | — | 5,978 |
| Repurchase of early exercised stock options | — | — | — | (170) |
| Proceeds from early exercise of unvested stock options | — | — | — | 3 |
| Proceeds from continuation payment received from Illumina—related party | — | — | — | 245,000 |
| Cash funding received from Illumina | 464,000 | 609,000 | 774,000 | — |
| Cash payments for acquisition consideration on behalf of Illumina | — | — | (625,749) | — |
| Taxes paid related to net share settlement of equity awards | (234) | (4,183) | (4,320) | — |
| **Net cash provided by financing activities** | **463,766** | **604,817** | **143,931** | **250,811** |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | 305 | (511) | (135) | (64) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | (144,616) | 20,134 | (350,050) | 401,275 |
| Cash, cash equivalents and restricted cash—beginning of year | 246,128 | 225,994 | 576,044 | 174,769 |
| **Cash, cash equivalents and restricted cash—end of year** | **$ 101,512** | **$ 246,128** | **$ 225,994** | **$ 576,044** |
| Represented by: | | | | |
| Cash and cash equivalents | $ 97,287 | $ 241,596 | $ 221,155 | $ 571,205 |
| Restricted cash | 4,225 | 4,532 | 4,839 | 4,839 |
| **Total** | **$ 101,512** | **$ 246,128** | **$ 225,994** | **$ 576,044** |
| **Supplemental cashflow information:** | | | | |
| Vesting of early exercised stock options | $ — | $ — | $ — | $ 878 |
| Property and equipment included in accounts payable and accrued liabilities | (1,326) | (1,940) | (6,261) | (4,768) |
| Operating cashflows from operating leases, net | (18,733) | (17,536) | (6,379) | (6,626) |

**See accompanying notes to consolidated financial statements.**

**GRAIL, LLC**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

GRAIL, LLC, a limited liability company ("LLC"), previously named SDG Ops, LLC, was formed in the state of Delaware as a wholly owned subsidiary of Illumina, Inc. ("Illumina"). SDG Ops, LLC, along with SDG Ops, Inc., a Delaware corporation and wholly owned subsidiary of Illumina, were formed for the purpose of completing a merger transaction between GRAIL, Inc., and Illumina (the "Acquisition") in order to carry on the business of GRAIL, Inc. and its subsidiaries.

On September 20, 2020, GRAIL, Inc., Illumina and its subsidiaries, SDG Ops, LLC, and SDG Ops, Inc., entered into an agreement and plan of merger (the "Merger Agreement"). On August 18, 2021 (the "Closing Date"), Illumina completed its acquisition of GRAIL, Inc. (the "Predecessor Company" or "Predecessor"). According to the terms and conditions of the Merger Agreement, SDG Ops, Inc. and GRAIL, Inc. merged, with GRAIL, Inc. surviving and becoming a wholly owned subsidiary of Illumina (the "First Merger").

Immediately following the First Merger and as part of the same overall transaction, GRAIL, Inc., as the surviving corporation, merged with SDG Ops, LLC (the "Second Merger"). According to the terms and conditions of the Merger Agreement, SDG Ops, LLC became the surviving corporation and was renamed GRAIL, LLC (the "Successor Company" or "Successor"). At the effective time of the First Merger (the "Effective Time"), each issued and outstanding share of Predecessor Class A Common Stock, par value $0.001 per share, Class B Common Stock, par value $0.001 per share, Series A Preferred Stock, par value $0.001 per share, Series B Preferred Stock, par value $0.001 per share, Series C Preferred Stock, par value $0.001 per share, and Series D Preferred Stock, par value $0.001 per share, of GRAIL (collectively, the "GRAIL Stock," subject to limited exceptions, including shares with respect to which dissenters' rights were validly exercised in accordance with Delaware law) was converted into each holder's elected merger consideration.

Prior to the Closing Date, references to the "Company" or "GRAIL" within these consolidated financial statements refer to GRAIL, Inc., and its consolidated subsidiaries, while references to the "Company" or "GRAIL" on or after the Closing Date refer to GRAIL, LLC and its consolidated subsidiaries.

The accompanying consolidated financial statements of the Company as of December 31, 2023 and January 1, 2023, and for the years ended December 31, 2023 and January 1, 2023, and the period from August 19, 2021 to January 2, 2022 (the "Successor," or the "Post-Combination" period), reflect the basis applied by Illumina in connection with its accounting for the acquisition of GRAIL as a business combination ("pushdown accounting"), and for the period from January 1, 2021 to August 18, 2021 (the "Predecessor" or the "Pre-Combination" period), reflect the activity of the Predecessor Company. Due to the application of pushdown accounting, the Successor periods have been clearly distinguished from the Predecessor period as these periods are not comparable.

GRAIL, headquartered in Menlo Park, California, is an innovative commercial-stage healthcare company focused on saving lives and shifting the paradigm of early cancer detection. GRAIL's Galleri blood test screens for various types of cancers before individuals are symptomatic. Illumina is the sole member and 100% owner of GRAIL. Illumina implemented extensive and binding Hold Separate Commitments upon the Acquisition in order for Illumina and GRAIL to be held and operated as distinct and separate entities. The Hold Separate Commitments also provided for the appointment of a monitoring trustee. Notwithstanding the foregoing, the European Commission has adopted an order requiring Illumina and GRAIL to be held and operated as distinct and separate entities. Compliance with the order is monitored by an independent monitoring trustee. Refer to note "11. Legal and Regulatory Proceedings" for additional details.

*Our Ability to Continue as a Going Concern*

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company's ability to manage our net loss, and to become profitable and operate profitably, to manage our negative cash flows from operations and to generate positive cash flows from operations and our ability to obtain financing to support our working capital requirements. As part of Illumina, the Company is dependent upon Illumina for its working capital and financing requirements. The Company had $97.3 million of cash and cash equivalents as of December 31, 2023.

We believe that our existing cash and cash equivalents, in addition to the funding that Illumina is required to provide, will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months, as of the date these consolidated financial statements were filed.

*Fiscal Year*

The Company's fiscal year is the 52 or 53 weeks ending the Sunday closest to December 31. References to 2023 and 2022 refer to the fiscal years ended December 31, 2023, and January 1, 2023, respectively, which were both 52 weeks. References to 2021 refer either to the Predecessor period from January 1, 2021 to August 18, 2021, or the Successor period from August 19, 2021 to January 2, 2022.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation and Principles of Consolidation*

The accompanying consolidated financial statements represent the historical operations of the standalone GRAIL legal entity and in the Successor periods include purchase accounting adjustments and certain tax adjustments as if GRAIL filed a separate income tax return and was not included in Illumina's consolidated return. All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included in the consolidated financial statements. Assets and liabilities were reflected at fair value under the new basis of accounting established at the Closing Date.

Management considered the need to allocate any shared costs incurred by the parent, Illumina, to the accompanying consolidated financial statements. As previously discussed, the European Commission has adopted an order requiring Illumina and GRAIL to be held and operated as distinct and separate entities. As no integration has occurred, management has concluded that no material allocations are required in the Successor periods. However, amounts recognized in the Successor periods by the Company are not necessarily representative of the amounts that would have been reflected in the financial statements had the Company operated independently of the parent. Related party transactions with Illumina are discussed further in note "8. Related Party Transactions."

These consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and include the accounts of GRAIL and its wholly owned subsidiaries. All intercompany balances have been eliminated in consolidation.

*Use of Estimates*

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses in the consolidated financial statements and accompanying notes. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. On an ongoing

basis, management evaluates its estimates, including, but not limited to, those related to estimation of variable consideration, estimation of credit losses, standalone selling price included in contracts with multiple performance obligations, measure of progress toward the completion and satisfaction of performance obligations, accrued clinical studies and research and development expenses, stock-based compensation expense, measurement of liability-classified awards, valuation of goodwill and intangible assets, useful lives of intangible assets and property and equipment, determination of incremental borrowing rate for operating leases, contingencies, and the provision for income taxes, among others. These estimates generally involve complex issues and require judgments, involve the analysis of historical results and prediction of future trends, can require extended periods of time to resolve and are subject to change from period to period. Actual results could differ from those estimates, and such differences could be material to the consolidated financial statements.

*Concentration of Credit Risk*

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company is exposed to credit risk in the event of a default by the financial institutions holding its cash and cash equivalents to the extent recorded in the consolidated balance sheets.

As of December 31, 2023, the Company had approximately $97.3 million of cash deposits and cash equivalents deposited in accounts with three accredited financial institutions, the majority of which were invested in money market securities that serve as sweep accounts. Such deposits have and will continue to exceed federally insured limits. The Company has not experienced any losses on its cash deposits.

The Company's investment policy limits investments to certain types of securities issued by the U.S. government and its agencies and institutions with investment-grade credit ratings and places restrictions on maturities and concentration by type and issuer. As of December 31, 2023, the Company had no off-balance sheet concentrations of credit risk.

The Company is subject to credit risk related to its accounts receivable. Accounts receivable primarily arise from testing services in the United States and are primarily with biopharmaceutical companies, employers, healthcare organizations, concierge medicine practices, life insurance companies, and individuals. The Company does not require collateral. Accounts receivable are recorded net of the allowance for credit losses.

The Company had sales to a single customer that accounted for approximately 14%, 21% and 38% of total sales, for the years ended December 31, 2023 and January 1, 2023, and period from August 19, 2021 to January 2, 2022, respectively. No single customer accounted for more than 10% of net sales for the period from January 1 to August 18, 2021.

Amounts due from this same single customer represented approximately 43% and 45% of total accounts receivable as of December 31, 2023 and January 1, 2023, respectively.

*Risks and Uncertainties*

The Company is subject to risks and uncertainties common to emerging and commercial-stage healthcare companies, including, but not limited to, the Company's operation in a dynamic and highly regulated industry, its ability to successfully commercialize products, its ability to drive industry education and awareness of its products and multi-cancer early detection generally, difficulties or delays in clinical studies, delays in planned commercial launches, complex regulatory regimes, regulatory implications and issues, including approvals, recommendations, coverage and reimbursement determinations, its ability to establish and maintain strategic relationships and key third-party vendors and providers, developments involving the Company's infrastructure and platform, dependence on key personnel, and other factors. Any of these factors and other factors could negatively impact operating results.

The Company's first commercial product, Galleri, was commercially launched in mid-2021. As a result, the Company has a limited history as a commercial-stage company and this product has not and may not generate revenues sufficient to fund operations. The Company is subject to risks and uncertainties regarding its need for, and ability to obtain, additional financing.

Significant Accounting Policies

*Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on deposit with banks denominated in U.S. Dollars and British Pounds. To be considered cash equivalents, all investments purchased must be highly liquid and have an original maturity date of three months or less. As of December 31, 2023, and January 1, 2023, the Company's cash equivalents were held in money market funds, totaling $92.6 million and $236.0 million, respectively. Cash equivalents held in money market funds were categorized as Level 1 investments within the fair value hierarchy.

*Restricted Cash*

Restricted cash is comprised of cash that is restricted as to withdrawal or use related to letters of credit for the Company's operating lease agreements.

*Accounts Receivable, Net*

Accounts receivable represent unconditional rights to consideration from customers. Accounts receivable are evaluated regularly for collectability and potential credit losses. Allowance for credit losses is estimated based on management's assessment of historical collection trends and the financial conditions of customers, among other factors. As of December 31, 2023, and January 1, 2023, the Company had $3.1 million and $1.3 million of allowance for credit losses, respectively.

*Supplies*

Supplies consists of materials and reagents consumed in the performance of testing services. The Company periodically analyzes supply levels and expiration dates, and writes down supply that has become obsolete or that has a cost basis in excess of expected sales requirements as cost of revenue. The Company records an allowance for excess or obsolete supplies using an estimate based on historical trends and evaluation of near-term expirations. Cost of screening revenue—related parties and cost of development services revenue—related parties represent the costs of supplies purchased from related parties used in the generation of revenue from all customers.

*Fair Value of Financial Instruments*

The fair value of financial assets and liabilities is determined using the fair value hierarchy established in Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement ("ASC 820"). ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The hierarchy describes three levels of inputs that may be used to measure fair value, as follows:

Level 1 —Observable inputs, such as quoted prices in active markets for identical assets and liabilities.

Level 2 —Observable inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 —Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts for financial instruments such as accounts receivable, net, accounts receivable, net—related parties, prepaid expenses and other current assets, prepaid expenses and other current assets—related parties, accounts payable, accounts payable—related parties, accrued liabilities and accrued liabilities—related parties' approximate fair value due to their short-term nature.

*Property and Equipment, Net*

Property and equipment, net is stated at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the useful life of the improvements. Repair expenses and maintenance costs are expensed as incurred. When an item is sold or disposed of, the cost and related accumulated depreciation or amortization is eliminated and the resulting gain or loss, if any, is recorded in the consolidated statements of operations.

The estimated useful lives of the major classes of property and equipment are generally as follows:

| | Useful Life (in Years) |
|---|---|
| Laboratory equipment | 3 to 5 |
| Computer hardware | 3 |
| Computer software | 3 |
| Furniture and fixtures | 5 |
| Leasehold improvements | Lease Term |

*Leases*

Leases are classified as operating or financing at lease inception and as necessary at modification. Leased assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated balance sheets. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When readily determinable, the Company uses the rate implicit in the lease to discount lease payments; however, when the rate is not readily determinable, the Company uses the incremental borrowing rate based on the information available at the commencement date. The incremental borrowing rate is the rate of interest that a company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term and in a similar economic environment. The Company's weighted average remaining lease term is approximately 7.6 years and 7.8 years as of December 31, 2023, and January 1, 2023, respectively. The Company's weighted average discount rate for operating leases is 2.4% and 2.1% as of December 31, 2023, and January 1, 2023, respectively, which were based on Illumina's incremental borrowing rate as GRAIL was a wholly owned subsidiary. The operating lease ROU asset also includes any initial direct costs, lease payments made prior to lease commencement, and lease incentives received. Variable lease payments are expensed as incurred and are not included within the ROU asset and lease liability calculation. Variable lease payments primarily include reimbursements of costs incurred by lessors for common area maintenance and utilities.

For each lease, the determined lease term is based on a noncancellable period, including any rent-free periods provided by the lessor, and may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Certain lease agreements contain lease and non-lease components. The Company accounts for non-lease components as part of the lease component to which they relate.

The Company does not recognize ROU assets and lease liabilities for short-term leases, which have a lease term of twelve months or less and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.

*Goodwill and Intangible Assets*

Intangible assets identified in the Acquisition include GRAIL trade names, developed technology, and GRAIL in-process research and development ("IPR&D") and were measured at fair value as of the Closing Date. Goodwill represents the excess of purchase price paid cost over fair value of the net identifiable assets acquired.

The Company's trade names, GRAIL and Galleri, have brand recognition in the market related to the services GRAIL provides customers and the research and development activities GRAIL performs. GRAIL's developed technology includes intangible assets related to Galleri, its multi-cancer early detection test that was launched as a laboratory-developed test ("LDT") in 2021, as well as a diagnostic aid for cancer ("DAC") test. The developed technology underpins both Galleri, designed as a cancer screening test for asymptomatic individuals over 50 years of age, and DAC that is being designed to accelerate diagnostic resolution for patients for whom there is a clinical suspicion of cancer. The cost of identifiable intangible assets with finite lives, such as trade names and developed technology assets, are amortized on a straight-line basis over the assets' respective estimated useful lives of 9 years and 18 years, respectively.

The Company's IPR&D includes assets related to GRAIL's development of a minimal residual disease ("MRD") test, a post-diagnostic test, that is currently under development. IPR&D is considered indefinite-lived and therefore is not amortized until completed and placed into service, at which point it will begin to be amortized over its estimated useful life or expensed upon abandonment of the associated research and development efforts.

While goodwill and IPR&D are not amortized, they are reviewed for impairment at least annually or more frequently if events or circumstances indicate a potential for impairment. Goodwill and IPR&D are considered impaired if the carrying value of the reporting unit or IPR&D asset exceeds its respective fair value.

We perform our goodwill impairment analysis at the reporting unit level. We have one reporting unit, which aligns with our reporting structure and availability of discrete financial information. During the goodwill impairment review, we assess qualitative factors to determine whether it is more likely than not that the fair value of our reporting unit is less than the carrying amount, including goodwill. If we determine that it is not more likely than not that the fair value of our reporting unit is less than the carrying amount, no additional assessment is necessary. If the carrying amount of the reporting unit exceeds its fair value, we record an impairment loss based on the excess. We may elect to bypass the qualitative assessment in a period and proceed to perform the quantitative goodwill impairment test.

*Impairment of Long-Lived Assets*

Long-lived assets, other than goodwill and IPR&D (as described above), are evaluated for indications of possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amounts to the future undiscounted cash flows attributable to these assets. Should impairment exist, the impairment would be measured as the amount by which the carrying amount of the assets exceeds the fair value of those assets.

*Segments*

The Company operates and manages its business as one reportable operating segment which provides multi-cancer early detection testing and services. The chief operating decision maker reviews financial information on an aggregate basis for the purposes of evaluating financial performance and allocating the company resources. Substantially all of the Company's long-lived assets are located in the United States.

*Revenue Recognition*

Revenue is accounted for in accordance with Topic 606, which provides for a five-step model that includes identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when, or as, an entity satisfies a performance obligation. Revenues are derived from screening and development services. The Company's revenues were primarily generated in the United States.

Screening Revenue

The Company recognizes screening revenue from the sale of cancer screening testing services for patients. Patients obtain tests via their employers, healthcare systems, payors, concierge medicine practices, life insurance providers or directly via telemedicine. Patients receive the multi-cancer early detection kit after the order is placed and complete the blood draw. The specimen is then sent to the Company's lab, the test is processed, and the result is electronically delivered to the patients' physician. The test price is based on the negotiated contractual rate with the Company's direct customers, otherwise the Company's standard list price applies. The Company identifies each sale of its test to a customer as a single performance obligation; therefore, revenue is recognized at the point of time when the test result report is delivered. Invoices are generally due within 30 days of receipt.

For self-pay patients, the Company has concluded that an implied contract exists, however the transaction price for the implied contract represents variable consideration as there are situations in which the Company is not expected to collect the full invoiced amounts from self-pay patients due to price concessions. The Company utilizes the expected value approach to estimate the transaction price and applies a constraint for such variable consideration, on a portfolio basis. The Company monitors the estimated amounts to be collected at each reporting period based on actual cash collections in order to assess whether a revision to the estimate is required. Both the estimate and any subsequent revision contain uncertainty and require the use of significant judgment in the estimation of the variable consideration and application of the constraint for such variable consideration. The Company analyzes its actual cash collections over the expected collection period and compares it with the estimated variable consideration for each portfolio and any difference is recognized as an adjustment to estimated revenue after the expected collection period, subject to assessment of the risk of future revenue reversal.

Development Services Revenue

Development services revenue includes development activities performed in partnership with biopharmaceutical companies. The Company's targeted methylation-based technology enables development of products and services to optimize treatment once a cancer has been diagnosed. Biopharmaceutical partners engage the Company to run pilots and research studies to evaluate and learn about the technology's application. The Company evaluates the terms and conditions included within its development services contracts with biopharmaceutical customers to ensure appropriate revenue recognition, including whether services are considered distinct performance obligations. The Company first identifies material promises under the contract and then evaluates whether these promises are capable of being distinct within the context of the contract. In assessing whether a promised service is capable of being distinct, the Company considers whether the customer could benefit from the service either on its own or together with other resources that are readily available to the customer, including factors such as the research, development, and commercialization capabilities of a third party as well as the availability of the associated expertise in the general marketplace. For contracts with multiple

performance obligations, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines the standalone selling price by considering the historical selling price of these performance obligations in similar transactions as well as other factors, including, but not limited to, the price that customers in the market would be willing to pay, competitive pricing of other vendors, industry publications and current pricing practices, and expected costs of satisfying each performance obligation plus appropriate margin; or by using the residual approach if standalone selling price is not observable, by reference to the total transaction price less the sum of the observable standalone selling prices of other performance obligations promised in the contract.

Biopharmaceutical partners engage the Company to run pilot and research studies by sending patient samples and comparing the Company's test result to their expected result for evaluation of performance and application. The Company recognizes revenue as performance obligations are completed.

Following favorable results from pilot and research studies, biopharmaceutical partners and the Company may enter into development service agreements related to clinical trial and companion diagnostic device development and regulatory submissions for the developed product(s). These agreements typically have multiple commitments of services and therefore have longer performance periods. The Company uses an input method based on costs incurred to measure its progress toward the completion and satisfaction of the performance obligations. The Company assesses the changes to the total expected cost estimates as well as any incremental fees negotiated resulting from changes to the scope of the original contract in determining the revenue recognized at each reporting period. Invoices are generally due within 60 days.

Deferred Revenue

Deferred revenue, which is a contract liability, consists primarily of payments received in advance of revenue recognition from contracts with customers. For example, pre-payments received from patients for screening testing services and development services and other contracts with biopharmaceutical customers often contain upfront payments which results in the recording of deferred revenue to the extent cash is received prior to the Company's performance of the related development services. Contract liabilities are relieved as the Company performs its obligations under the contract and revenue is recognized. Deferred revenue was $0.8 million and $0.6 million as of December 31, 2023 and January 1, 2023, respectively, all of which is considered short-term and was recorded within other current liabilities on the accompanying consolidated balance sheets. We did not have deferred revenue prior to the year ended January 2, 2022, as we first began providing services to customers in the year ended January 2, 2022.

*Cost of Screening Revenue*

Cost of screening revenue generally consists of cost of materials, direct and indirect labor including salaries and wages, bonus, benefits and stock-based compensation, amortization of GRAIL intangible assets, royalty expenses primarily owed under the supply and commercialization agreement with Illumina in the Predecessor period and the Chinese University of Hong Kong in both the Predecessor and Successor periods, third-party support services, shipping and logistics costs, depreciation of equipment and allocated overhead expenses associated with processing specimens received from customers. The royalty obligation under the supply and commercialization agreement with Illumina is currently suspended in the Successor periods. Allocated overhead expenses include rent expenses, amortization of leasehold improvements and information technology costs.

*Cost of Development Services Revenue*

Cost of development services revenue generally consists of direct and indirect labor including salaries and wages, bonus, benefits and stock-based compensation, cost of materials and patient sample acquisition, amortization of GRAIL intangible assets, royalty expenses primarily owed under the supply and commercialization agreement with Illumina in the Predecessor period, depreciation of equipment, and allocated

overhead expenses associated with processing development samples received from biopharmaceutical customers. The royalty obligation under the supply and commercialization agreement with Illumina is currently suspended in the Successor periods. Allocated overhead expenses include rent expense, amortization of leasehold improvements, and information technology costs.

*Accrued Clinical Studies and Research and Development Expenses*

Estimates of unbilled costs of research and development activities for clinical studies conducted by third-party service providers are accrued. The estimated costs of research and development activities are recorded based upon the estimated amount of services provided. These costs are included in accrued liabilities and accrued liabilities—related parties in the consolidated balance sheets and within research and development and research and development—related parties expenses in the consolidated statements of operations. These costs are a significant component of research and development expenses. The costs are accrued based on factors such as estimates of the work completed and in accordance with agreements established with third-party service providers. The judgments and estimates in determining the accrued liabilities balance are assessed in each reporting period.

*Research and Development and Research and Development—Related Parties*

Research and development and research and development—related parties expenses include costs incurred to develop the Company's technology (prior to establishing technological feasibility), collect clinical samples, and conduct clinical studies to develop and support the Company's multi-cancer tests. These costs consist of personnel costs, including salaries, benefits, and stock-based compensation expense associated with the research and development personnel, laboratory supplies, consulting costs, costs associated with setting up and conducting clinical studies at domestic and international sites, and allocated overhead expenses including rent, information technology, and equipment depreciation. Both internal and external research and development costs are expensed in the periods in which they are incurred. Research and development—related parties expenses are further discussed in note "8. Related Party Transactions." Nonrefundable advance payments for goods and services that will be used or rendered in future research and development activities are deferred and recognized as expense in the period in which the related goods are delivered, or services are performed.

*Advertising Costs*

Advertising costs are expensed as incurred. Advertising costs were $21.9 million and $24.5 million for the years ended December 31, 2023, and January 1, 2023, respectively, and $3.0 million and $4.6 million for the period from August 19, 2021 to January 2, 2022, and the period from January 1, 2021 to August 18, 2021, respectively.

*Stock-Based Compensation Expense*

Employee stock-based compensation expense includes expenses related to Cash-Based Equity Awards, restricted stock units, and performance stock options.

Our Cash-Based Equity Awards are classified as liability awards, as such awards may be settled in cash. For purposes of valuation and performance measurement of the awards, GRAIL's stand-alone value calculation is estimated by the Company based on its analysis and on input from independent valuation advisors. The fair value of the awards is recorded over the respective vesting periods of the awards, with recognition of a corresponding liability recorded in incentive plan liabilities in the consolidated balance sheets. The awards are remeasured at each reporting date until the awards are settled, with changes in fair value recognized in stock-based compensation expense.

In connection with the Acquisition, Illumina issued equity awards to GRAIL employees in exchange for any of their remaining outstanding and unvested GRAIL equity awards (the "Replacement Awards"). The awards

consist of restricted stock units and performance stock options that are issued as shares of Illumina common stock at vesting.

The fair value of restricted stock is determined by the closing market price of Illumina's common stock on the date of grant. Stock-based compensation expense is recognized based on the fair value on a straight-line basis over the requisite service periods of the awards.

The fair value of performance stock options with service conditions is determined using the Black-Scholes-Merton option-pricing model. The model assumptions include expected volatility, term, dividends, and the risk-free interest rate. The expected volatility is generally determined by weighing the historical and implied volatility of Illumina's common stock. The historical volatility is generally commensurate with the estimated expected term, adjusted for the impact of unusual fluctuations and other relevant factors. The implied volatility is calculated from the implied market volatility of exchange-traded call options on Illumina's common stock. The expected term is generally based on historical forfeiture experience, exercise activity, and on the terms and conditions of the stock awards. Given that Illumina has never declared or paid cash dividends on the Illumina common stock, the expected dividend yield is determined to be 0%. Illumina does not anticipate paying cash dividends in the near future. The risk-free interest rate is based upon U.S. Treasury securities with remaining terms similar to the expected term of the stock-based awards. The fair value of the awards begins to be recognized when it is probable that the performance-based condition will be met.

Forfeitures are accounted for, as incurred, as a reversal of stock-based compensation expense related to awards that will not vest.

In the Predecessor period, stock-based compensation expense for awards containing both performance and market-based conditions was recorded using the accelerated attribution method. Management used the Monte Carlo simulation to determine the fair value at the grant date and recognized stock-based compensation expense over the derived service period when it became probable that the performance-based condition will be met. Under the Monte Carlo simulation, stock returns were simulated to estimate the payouts established by the vesting conditions of the awards and an estimated time that the awards will vest. The assumptions used in the Monte Carlo simulation included: the fair value of common stock, estimating the length of time employees will retain their vested stock options before exercising them (expected term), the estimated volatility of the common stock price over the expected term (expected volatility), the risk-free interest rate and expected dividends.

*Defined Contribution Plan*

The Company sponsors a defined contribution plan under Section 401(k) (the "401(k) Plan") of the Internal Revenue Code covering eligible employees. Employer contributions made to the 401(k) Plan are voluntary and are determined annually by the board of directors on an individual basis subject to the maximum allowable amount under federal tax regulations. The Company has not made contributions to the 401(k) Plan since inception of the plan.

*Provision for (Benefit from) Income Taxes*

Upon closing of the merger, as a single member limited liability company wholly owned by Illumina, GRAIL, LLC is no longer subject to U.S. income tax as a separate entity for the Successor periods ended December 31, 2023, January 1, 2023, and January 2, 2022, and is combined into Illumina's consolidated income tax return as an entity disregarded as being separate from Illumina. However, for financial statement purposes, GRAIL has elected to compute its income tax provision, including current and deferred taxes, as if GRAIL was a corporation filing a separate income tax return and was not included in Illumina's consolidated return. Under this method, various tax attributes, such as net operating losses and tax credits, are also presented on a separate return basis. For income tax purposes, since GRAIL, LLC is not a separate taxpayer and merely a disregarded entity of Illumina, these U.S. tax attributes, including net operating losses and tax credits, are the property of Illumina and

have either already been utilized by Illumina in its consolidated or combined income tax returns or will be utilized by Illumina in its returns in the future. Accordingly, such U.S. tax attributes will not be available to a standalone GRAIL entity on its income tax returns in the future.

The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for the expected future tax benefit to be derived from tax loss and credit carryforwards. Deferred tax assets and liabilities are determined using the enacted tax rates in effect for the years in which those tax assets are expected to be realized. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the provision for income taxes in the period that includes the enactment date.

Deferred tax assets are regularly assessed to determine the likelihood they will be recovered from future taxable income. A valuation allowance is established when we believe it is more likely than not the future realization of all or some of a deferred tax asset will not be achieved. In evaluating the ability to recover deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years, scheduled reversals of deferred tax liabilities, history of earnings and reliable forecasting, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies.

The impact of a tax position is recognized in the consolidated financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected in income tax expense (benefit).

*Foreign Currency*

The functional currencies of foreign subsidiaries are the British Pound and the Hong Kong Dollar. Adjustments resulting from translating the financial statements of the United Kingdom and Hong Kong subsidiaries into U.S. Dollars are recorded as a component of other comprehensive loss in the consolidated statements of comprehensive loss. Monetary assets and liabilities denominated in a foreign currency are translated into U.S. Dollars at the exchange rate on the balance sheet date. Revenues and expenses are translated at the weighted-average exchange rates during the period. Equity transactions are translated using historical exchange rates. Gains and losses resulting from translation of foreign currency monetary transactions are reported in other income (expense), net in the consolidated statements of operations and comprehensive loss. Gains and losses resulting from foreign currency transactions that are deemed to be of a long-term investment nature are reported as a separate component of other comprehensive loss.

## NOTE 3. GRAIL ACQUISITION, GOODWILL AND INTANGIBLE ASSETS

*GRAIL Acquisition*

On August 18, 2021, Illumina completed its acquisition of GRAIL, Inc. The total purchase price consisted of the following:

| (in thousands) | |
|---|---|
| Cash | $ 2,861,837 |
| Fair value of common stock issued | 4,975,416 |
| Fair value of contingent consideration | 757,140 |
| Fair value of previously held investment | 1,149,374 |
| Settlement of preexisting relationships | 1,710 |
| **Total purchase price** | **$ 9,745,477** |

The Acquisition accelerated the vesting of certain outstanding and unvested equity awards of GRAIL. Refer to note "7. Stock Incentive Awards" for further details on the accelerated vesting of the equity awards.

The fair values of GRAIL, Inc.'s assets acquired and liabilities assumed were:

| (in thousands) | |
|---|---|
| Cash and cash equivalents | $ 571,205 |
| Property and equipment | 89,486 |
| Operating lease right-of-use assets | 121,104 |
| Goodwill (1) | 6,197,833 |
| Intangible assets | 3,120,000 |
| Other current and non-current assets | 20,172 |
| Deferred tax liability, net (1) | (127,614) |
| Operating lease liabilities, net of current portion | (97,333) |
| Other current and non-current liabilities | (149,376) |
| **Total net assets acquired** | **$ 9,745,477** |

(1) Certain adjustments were made to deferred tax liability, net, as a result of re-calculating the provision on a stand-alone basis as compared to Illumina's consolidated reporting, resulting in an increase in goodwill and an increase in deferred tax liability, net, as compared to that calculated by Illumina.

The transaction costs associated with the Acquisition consisted primarily of legal, regulatory, and financial advisory fees of approximately $82.3 million, which were expensed as incurred as general and administrative expense in 2021.

*Unaudited Pro Forma Financial Information*

The following unaudited pro forma financial information summarizes the combined results of operations of GRAIL as if the Acquisition had been completed on January 1, 2021.

| (in thousands) | Year Ended 2021 |
|---|---|
| Revenue (1) | $ 14,612 |
| Net loss | $ (1,318,098) |

(1) Includes revenue—related parties.

The unaudited pro forma financial information is presented for information purposes only and is not indicative of the results of operations that would have been achieved had the Acquisition been completed on January 1, 2021. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the Company. The unaudited pro forma financial information includes adjustments to reflect incremental amortization expense of the identifiable intangible assets acquired and the related tax effect.

*Goodwill and Goodwill Impairment*

Goodwill represents the excess of purchase price paid over fair value of the net identifiable assets acquired and is primarily attributable to assembled workforce, expanded market opportunities, and expected synergies to be achieved. Goodwill is not deductible for tax purposes.

2023 Goodwill Impairment

In Q3 2023, we concluded the sustained decrease in Illumina's stock price and overall market capitalization during the quarter was a triggering event indicating the fair value of GRAIL might be less than its carrying

amount that led us to test goodwill for impairment. The assessment was performed using a combination of both an income and a market approach to determine the fair value of goodwill. The income approach utilized the estimated discounted cash flows, while the market approach utilized comparable company information. Estimates and assumptions used in the income approach included projected cash flows and a discount rate. The discount rate selected at the time of the goodwill impairment assessment was 24.0%. These estimates and assumptions represent a Level 3 measurement because they include unobservable inputs that are supported by little or no market activity and reflect Company-determined and judgmental factors for these assumptions in measuring a fair value. The assumptions in the assessment of an impairment analysis are inherently subjective due to uncertainty and any slight changes in these rates and assumptions could have a significant impact on the concluded value of goodwill.

The Company recognized a goodwill impairment of $608.5 million as a result of the impairment assessment, primarily due to changes to expected timing of revenue and a higher discount rate selected for the fair value calculation of GRAIL.

2022 Goodwill Impairment

On July 13, 2022, the European General Court ruled that the European Commission had jurisdiction under the European Union Merger Regulation to review the Acquisition. Additionally, on September 6, 2022, the European Commission issued a decision prohibiting the Acquisition. These decisions constituted substantive changes in circumstances and led us to test goodwill for impairment. The assessment was performed using a combination of both an income and a market approach to determine the fair value of goodwill. The income approach utilized the estimated discounted cash flows, while the market approach utilized comparable company information. Estimates and assumptions used in the income approach included projected cash flows and a discount rate. The discount rate selected at the time of the goodwill impairment assessment was 22.0%. These estimates and assumptions represent a Level 3 measurement because they include unobservable inputs that are supported by little or no market activity and reflect Company-determined and judgmental factors for these assumptions in measuring a fair value. The assumptions in the assessment of an impairment analysis are inherently subjective due to uncertainty and any slight changes in these rates and assumptions could have a significant impact on the concluded value of goodwill.

The Company recognized a goodwill impairment of $4.7 billion as a result of the impairment assessment, primarily due to the negative impact of capital market conditions and a higher discount rate selected for the fair value calculation of GRAIL.

*Intangible Assets*

Intangible assets recognized as part of the Acquisition include developed technologies, trade name and IPR&D that were measured at fair value as of the Closing Date. The following roll-forward indicates the fair values assigned to identifiable assets from the Acquisition and the resulting amortization and impairment:

| (in thousands) | Developed Technologies | Trade Name | In-process Research and Development (IPR&D) | Total Intangible Assets |
|---|---|---|---|---|
| **Beginning balance as of August 19, 2021** | | | | |
| Gross carrying amount | $2,410,000 | $ 40,000 | $ 670,000 | $3,120,000 |
| Amortization | (44,630) | (1,481) | — | (46,111) |
| **Ending balance - Intangible assets, net as of January 2, 2022** | **2,365,370** | **38,519** | **670,000** | **3,073,889** |
| Amortization | (133,889) | (4,444) | — | (138,333) |
| **Ending balance - Intangible assets, net as of January 1, 2023** | **2,231,481** | **34,075** | **670,000** | **2,935,556** |
| Impairment | — | — | (110,000) | (110,000) |
| Amortization | (133,889) | (4,444) | — | (138,333) |
| **Ending balance - Intangible assets, net as of December 31, 2023** | **$2,097,592** | **$ 29,631** | **$ 560,000** | **$2,687,223** |

The fair values of the developed technologies, trade name and IPR&D were estimated using an income approach, under which an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. The estimated fair values were developed by discounting future net cash flows to their present value at market-based rates of return and inclusive of an assumption for technology obsolescence. The useful lives of the intangible assets for amortization purposes were determined by considering the period of expected cash flows used to measure the fair values of the intangible assets adjusted as appropriate for entity-specific factors including legal, regulatory, contractual, competitive, economic, and other factors that may limit the useful life. The developed technology and trade name assets are amortized on a straight-line basis over their estimated useful lives.

In conjunction with the 2023 goodwill impairment assessment, the IPR&D intangible asset was evaluated for potential impairment. The evaluation for a potential impairment of the IPR&D intangible asset was performed by comparing its carrying value to the assessed estimated fair value, which was determined by the income approach, using a discounted cash flow model. Estimates and assumptions used in the income approach included projected cash flows and a discount rate. The discount rate selected at the time of the IPR&D intangible impairment assessment was 19.0%. These estimates and assumptions represent a Level 3 measurement because they include unobservable inputs that are supported by little or no market activity and reflect Company-determined and judgmental factors for these assumptions in measuring a fair value. The assumptions in the assessment of an impairment analysis are inherently subjective due to uncertainty and any slight changes in these rates and assumptions could have a significant impact on the concluded value of the IPR&D intangible asset.

Based on the impairment test performed, the Company assessed and determined that the carrying value of the IPR&D intangible asset exceeded its estimated fair value. As a result, the Company recognized an impairment of $110.0 million, primarily due to a decrease in projected cash flows and a higher discount rate selected for the fair value calculation. In the 2022 impairment assessment, the carrying value of the IPR&D intangible asset did not exceed its estimated fair value. As a result, no impairment for the IPR&D intangible asset was recorded. As of December 31, 2023 the research and development project had not been completed or abandoned. The IPR&D intangible asset is not currently subject to amortization.

A recoverability test for the definite-lived intangible assets, which includes developed technology and trade name, was also performed. Based on the assessment performed, no impairment was noted for the definite-lived intangibles.

The estimated future annual amortization of finite-lived intangible assets is shown in the following table. Actual amortization expense to be reported in future periods could differ from these estimates as a result of acquisitions, divestitures, and asset impairments, among other factors.

| (in thousands) | Estimated Annual Amortization |
|---|---|
| 2024 | 138,333 |
| 2025 | 138,333 |
| 2026 | 138,333 |
| 2027 | 138,333 |
| 2028 | 138,333 |
| Thereafter | 1,435,558 |
| **Total** | **$ 2,127,223** |

## NOTE 4. BALANCE SHEET COMPONENTS

The following tables present financial information of certain consolidated balance sheets components:

| (in thousands) | December 31, 2023 | January 1, 2023 |
|---|---|---|
| **Prepaid expenses and other current assets** | | |
| Prepaid service and maintenance | $ 1,179 | $ 1,676 |
| Prepaid software | 4,734 | 5,975 |
| Prepaid insurance | 814 | 747 |
| Prepaid other | 6,579 | 6,119 |
| Tax receivable | 5,411 | 3,056 |
| Indirect taxes | 1,383 | 1,082 |
| **Total prepaid expenses and other current assets** | **$ 20,100** | **$ 18,655** |

| (in thousands) | December 31, 2023 | January 1, 2023 |
|---|---|---|
| **Property and equipment, net** | | |
| Laboratory equipment | $ 41,768 | $ 36,740 |
| Computer hardware | 4,767 | 5,213 |
| Computer software | 324 | 248 |
| Furniture and fixtures | 2,524 | 2,044 |
| Leasehold improvements | 58,411 | 55,384 |
| Construction-in-process | 7,560 | 10,219 |
| Property and equipment, gross | 115,354 | 109,848 |
| Less accumulated depreciation and amortization | (33,999) | (18,347) |
| **Total property and equipment, net** | **$ 81,355** | **$ 91,501** |

| (in thousands) | December 31, 2023 | January 1, 2023 |
|---|---|---|
| **Property and equipment, net—related parties** | | |
| Laboratory equipment | $ 4,752 | $ 2,714 |
| Leasehold improvements | 28 | 28 |
| Construction-in-process | 406 | 429 |
| Property and equipment, gross | 5,186 | 3,171 |
| Less accumulated depreciation and amortization | (1,546) | (656) |
| **Property and equipment, net—related parties** | **$ 3,640** | **$ 2,515** |

| (in thousands) | December 31, 2023 | January 1, 2023 |
|---|---|---|
| **Accrued liabilities** | | |
| Accrued compensation expenses | $ 41,484 | $ 38,169 |
| Accrued legal and professional expenses | 7,770 | 4,195 |
| Accrued clinical studies expenses | 6,897 | 6,109 |
| Accrued research and development expenses | 6,647 | 6,204 |
| Accrued marketing | 1,882 | 1,662 |
| Accrued other expenses | 9,031 | 8,623 |
| **Total accrued liabilities** | **$ 73,711** | **$ 64,962** |

| (in thousands) | December 31, 2023 | January 1, 2023 |
|---|---|---|
| **Accrued liabilities—related parties** | | |
| Accrued purchases | $ — | $ 112 |
| Accrued to Illumina | 95 | 4 |
| **Total accrued liabilities—related parties** | **$ 95** | **$ 116** |

## NOTE 5. LEASES

The Company has entered into operating leases for facilities and equipment used for research and development. Operating leases have remaining lease terms which range from 1 year to 10 years, and often include one or more options to renew. These renewal terms can extend the lease term from 5 to 15 years and are included in the lease term when it is reasonably certain that the option will be exercised. The exercise of lease renewal and termination options are at the sole discretion of the Company. The Company also has variable lease payments that are primarily comprised of common area maintenance and utility charges.

The components of lease costs are as follows:

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18, 2021 |
| Operating lease costs | $ 24,357 | $ 23,055 | $ 7,747 | $ 7,287 |
| Short-term lease costs | — | — | — | 42 |
| Variable lease costs | 3,676 | 3,079 | 1,328 | 2,109 |
| **Total lease costs** | **$ 28,033** | **$ 26,134** | **$ 9,075** | **$ 9,438** |

Future undiscounted lease payments under operating leases as of December 31, 2023 were as follows:

| (in thousands) | Successor Amounts |
|---|---|
| 2024 | $ 17,920 |
| 2025 | 16,432 |
| 2026 | 14,043 |
| 2027 | 8,021 |
| 2028 | 8,232 |
| Thereafter | 40,580 |
| Total undiscounted lease payments | $105,228 |
| Less: Imputed interest | (10,113) |
| Less: Tenant improvement allowance* | (10,708) |
| **Total operating lease liabilities** | **$ 84,407** |

* Tenant improvement allowance is estimated to be received as follows: approximately $1.0 million in 2024 and $9.7 million thereafter.

## NOTE 6. COMMITMENTS AND CONTINGENCIES

The future non-lease commitments over the next five years and thereafter were as follows:

| | As of December 31, 2023 (in thousands) | | |
|---|---|---|---|
| | Minimum Royalties | Purchase Commitments | Total |
| 2024 | $ 1,025 | $ 19,302 | $20,327 |
| 2025 | 1,075 | 21,804 | 22,879 |
| 2026 | 1,075 | 17,375 | 18,450 |
| 2027 | 1,075 | 16,339 | 17,414 |
| 2028 | 1,075 | — | 1,075 |
| Thereafter | 2,500 | — | 2,500 |
| **Total** | **$ 7,825** | **$ 74,820** | **$82,645** |

*Minimum Royalty Commitments*

Minimum royalty commitments are associated with licensing agreements related to research efforts.

The table above includes minimum annual royalty payments but does not include royalties that would be payable on net sales of Galleri, and any future products, pursuant to existing agreements and licenses with Illumina, the Chinese University of Hong Kong, and other third parties in excess of minimum annual royalty payments.

*Purchase Commitments*

The purchase commitments primarily relate to contractual commitments for future use of web services, laboratory supplies and marketing events in the normal course of business.

*Intellectual Property*

The Company entered into an agreement with a third party for exclusive option rights to certain intellectual property. The Company exercised those option rights to license intellectual property in December 2022. Under

the terms of the agreement, the Company may be obligated to make future milestone payments if certain milestone events, such as new product launches or expansion into new regions, are achieved with respect to products covered by the licensed intellectual property. No such milestones were achieved or probable of achievement as of December 31, 2023.

*Indemnification*

The Company has agreed to indemnify its directors and officers for certain events or occurrences while the director or officer is (or was) serving in such capacity. The indemnification period covers all pertinent events and occurrences during the director's or officer's service. The maximum potential amount of future payments the Company could be required to make under the applicable indemnification agreements is not specified in the agreements.

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to the Company's technology. The term of these indemnification agreements is generally perpetual after the execution of the agreement. The maximum potential amount of future payments that the Company could be required to make under these arrangements is not determinable. The Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal.

## NOTE 7. STOCK INCENTIVE AWARDS

*Stock-Based Compensation*

Stock-based compensation expense, which includes expense for both equity and liability-classified awards, reported in our consolidated statements of operations was as follows:

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| (in thousands) | Year Ended December 31, 2023 (1) | Year Ended January 1, 2023 (2) | August 19, 2021 to January 2, 2022 (3) | January 1 to August 18, 2021 |
| Cost of screening revenue (exclusive of amortization of intangible assets) | $ 1,932 | $ 955 | $ 118 | $ 83 |
| Cost of development services revenue | 38 | 2 | 32 | 5 |
| Research and development | 39,792 | 34,859 | 189,767 | 5,078 |
| Sales and marketing | 17,506 | 11,232 | 75,419 | 3,036 |
| General and administrative | 37,967 | 28,681 | 384,924 | 23,445 |
| Stock-based compensation expense, before taxes | 97,235 | 75,729 | 650,260 | 31,647 |
| Related income tax benefits | (23,455) | (18,046) | (155,510) | (7,607) |
| **Stock-based compensation expense, net of taxes** | **$ 73,780** | **$ 57,683** | **$ 494,750** | **$ 24,040** |

(1) Includes $95.5 million related to the Cash-Based Equity Awards and $1.7 million related to Replacement Awards.
(2) Includes $65.8 million related to the Cash-Based Equity Awards and $9.9 million related to Replacement Awards.
(3) Includes $11.1 million related to the Cash-Based Equity Awards, $24.1 million related to Replacement Awards and $615.0 million of accelerated equity awards attributable to the Post-Combination period.

*Liability-Classified Awards*

Established following the Acquisition, a cash-based equity incentive award (the "Cash-Based Equity Award") was adopted to provide GRAIL, LLC employees with dollar-denominated long-term incentive awards that increase or decrease in value based on corresponding changes in GRAIL's calculated value, similar to a dollar-denominated restricted stock unit award determined in accordance with the award agreement. GRAIL's stand-alone value calculation is estimated by the Company based on its analysis and on input from independent valuation advisors. To estimate the value of GRAIL, various assumptions may be used, such as long-range financial projections, as well as the discount rate and terminal growth rate. The awards generally have terms of four years and vest in four equal installments on each anniversary of the grant date, subject to continued employment through the vesting period.

Cash-Based Equity Award activity was as follows:

| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 |
|---|---|---|---|
| **Beginning balance** | **$ 293,359** | **$ 184,532** | **$ —** |
| Granted | 116,407 | 168,065 | 217,776 |
| Cancelled | (32,159) | (40,937) | (41,898) |
| Vested and paid in cash | (76,910) | (41,009) | — |
| Change in fair value | (8,508) | 22,708 | 8,654 |
| **Outstanding balance** | **$292,189** | **$293,359** | **$ 184,532** |

The Company's estimated incentive plan liabilities as of December 31, 2023 and January 1, 2023 were $54.5 million and $35.9 million, respectively. As of December 31, 2023, approximately $237.7 million of total unrecognized compensation cost related to awards issued to date was expected to be recognized over a weighted-average period of approximately 2.5 years.

The Company has one performance-based award outstanding for which vesting is based on future revenues. The award has an aggregate potential value of up to $78.0 million and expires, to the extent unvested, in August 2030. One-fourth of the total potential value of the award vests immediately upon the achievement of cumulative net revenues in any period of four consecutive fiscal quarters of $500.0 million, $750.0 million, $1.5 billion, and $2.0 billion. The Company assesses the probability of achieving the performance conditions associated with the award on a quarterly basis at each reporting period. As of December 31, 2023, it was not probable that the performance conditions associated with the award will be achieved and, therefore, no stock-based compensation expense, or corresponding liability, has been recognized in the consolidated financial statements to date.

*Accelerated Awards at Acquisition and Replacement Awards*

In connection with the Acquisition, the vesting of certain outstanding and unvested equity awards was accelerated. The fair value of the accelerated awards attributable to the Post-Combination period and recognized in connection with this event was $615.0 million.

Illumina issued Replacement Awards to GRAIL employees in exchange for any of their remaining outstanding and unvested GRAIL equity awards as of the Closing Date. The Replacement Awards, granted under Illumina's 2015 Stock and Incentive Compensation Plan (the 2015 Stock Plan), consist of restricted stock units and performance stock options that are issued as shares of Illumina common stock at vesting. RSUs generally vest over a two-year period with equal vesting quarterly. The terms of the Replacement Awards are substantially similar to the former GRAIL equity awards for which they were exchanged. The fair value of the Replacement Awards was $47.5 million, all of which is attributable to Post-Combination service, and will be recognized as stock-based compensation expense over the remaining vesting period subsequent to the acquisition. The

weighted-average acquisition-date fair value of the replacement performance stock options was determined using the Black-Scholes option pricing model with the following assumptions: (i) market price of $510.61 per share, which was the closing price of Illumina's common stock on the Closing Date; (ii) weighted-average expected term ranging from 1.6 years to 2.2 years; (iii) weighted-average risk-free interest rate ranging from 0.17% to 0.28%; (iv) weighted-average annualized volatility ranging from 40% to 43%; and (v) no dividend yield. The weighted-average acquisition-date fair value per share of the replaced performance stock options was $424.39.

As of December 31, 2023, approximately $2.5 million of total unrecognized compensation cost related to performance stock options was expected to be recognized over a weighted-average period of approximately 3.7 years.

Replacement restricted stock activity was as follows:

| (Units in thousands) | Restricted Stock Units | Weighted-Average Grant-Date Fair Value Per Share |
|---|---|---|
| **Outstanding at August 19, 2021** | — | $ — |
| Awarded | 59 | $ 510.61 |
| Vested | (7) | $ 510.61 |
| Cancelled | (5) | $ 510.61 |
| **Outstanding at January 2, 2022** | 47 | $ 510.61 |
| Vested | (39) | $ 510.61 |
| Cancelled | (6) | $ 510.61 |
| **Outstanding at January 1, 2023** | 2 | $ 510.61 |
| Vested | (2) | $ 510.61 |
| **Outstanding at December 31, 2023** | — | **$** — |

Pre-tax intrinsic value and fair value of vested restricted stock was as follows:

| | December 31, 2023 | January 1, 2023 |
|---|---|---|
| Pre-tax intrinsic value of outstanding restricted stock | $ — | $ 488 |
| Fair value of restricted stock vested | $ 519 | $ 10,967 |

Replacement performance stock option activity was as follows:

| (Units in thousands) | Performance Stock Options | Weighted-Average Exercise Price |
|---|---|---|
| **Outstanding at August 19, 2021** | — | $ — |
| Granted | 48 | $ 86.73 |
| Exercised | (21) | $ 86.72 |
| Cancelled | (10) | $ 89.63 |
| **Outstanding at January 2, 2022** | 17 | $ 85.54 |
| **Outstanding at January 1, 2023** | 17 | $ 85.54 |
| Exercised | (1) | $ 16.69 |
| **Outstanding at December 31, 2023** | **16** | **$ 87.74** |

There were no outstanding performance stock options exercisable as of December 31, 2023. The aggregate intrinsic value of performance stock options outstanding as of December 31, 2023 and January 1, 2023 was $0.9 million and $3.3 million, respectively. The total intrinsic value of performance stock options exercised was $6.3

million in 2021. Outstanding performance stock options, in general, have contractual terms of ten years from the respective grant dates. The performance stock options generally vest monthly over three years upon the achievement of Company-specified performance targets and are subject to continued service through the applicable vesting date.

*Predecessor Period Awards*

During the Predecessor period, the Company granted awards under the GRAIL, Inc. 2016 Amended Equity Incentive Plan (the "2016 Plan") as well as incentive awards not under the 2016 Plan (the "Non-Plan Equity Incentive Awards"). The Company's 2016 Plan allowed for the grant of awards in the form of: (i) incentive stock options, (ii) nonqualified stock options; (iii) stock appreciation rights; (iv) RSAs; (v) RSUs; and (vi) unrestricted stock. Directors, employees, and consultants were eligible to participate in the 2016 Plan.

In connection with the Acquisition, a portion of the unvested stock options and RSUs under the 2016 Plan and Non-Plan Equity Incentive Awards were accelerated and vested. GRAIL, Inc.'s 2016 Plan and Non-Plan Equity Incentive Awards were then cancelled, with any remaining unvested equity awards replaced with equity awards issued by Illumina. Refer to the Accelerated Awards at Acquisition and Replacement Awards section of this disclosure for a further discussion of these Replacement Awards.

***Stock Option Activity***—A summary of all stock option activity for the 2016 Plan is as follows:

| (in thousands, except years and per share data) | Number of Shares Underlying Outstanding Options | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Term (in Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| **Balance as of December 31, 2020** | 81,813 | $ 1.89 | 8.73 | $537,108 |
| Awards Authorized | | | | |
| Exercised | (3,216) | $ 1.57 | | |
| Forfeited | (1,262) | $ 1.90 | | |
| **Balance as of August 18, 2021 cancelled in connection with the Acquisition** | **77,335** | **$ 1.91** | **8.12** | **$506,651** |

***Restricted Stock Unit Activity***—A summary of all restricted stock unit activity for the 2016 Plan is as follows:

| (in thousands, except per share data) | Restricted Stock Units Outstanding | Weighted-Average Grant Date Fair Value Per Share |
|---|---|---|
| **Balance as of December 31, 2020** | 18,768 | $ 2.71 |
| Granted | 13,427 | $ 8.46 |
| Vested | (8,898) | $ 1.99 |
| Forfeited | (485) | $ 8.35 |
| **Unvested balance as of August 18, 2021 cancelled in connection with the Acquisition** | **22,812** | **$ 6.25** |

**NOTE 8. RELATED PARTY TRANSACTIONS**

*Illumina Purchases and Sales*

As discussed in note "1. Organization and Description of Business," GRAIL and Illumina entered into the Merger Agreement on September 20, 2020, and on August 18, 2021, Illumina completed its acquisition of

GRAIL, Inc. Prior to the Acquisition, Illumina held a 12% stake in the Company. Illumina is both a customer of the Company and a major supplier of the Company's reagents and capital equipment. Goods and services transactions with Illumina are invoiced and paid when due.

Goods and services transactions with Illumina have been reflected in the consolidated financial statements as follows:

| (in thousands) | As of December 31, 2023 | As of January 1, 2023 |
|---|---|---|
| Accounts receivable, net—related parties | $ 80 | $ 213 |
| Supplies—related parties | $ 5,855 | $ 4,984 |
| Prepaid expenses and other current assets—related parties | $ 41 | $ 68 |
| Property and equipment, net—related parties | $ 3,640 | $ 2,515 |
| Accounts payable—related parties | $ 168 | $ 2,292 |
| Accrued liabilities—related parties | $ 95 | $ 4 |

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18, 2021 |
| Screening revenue—related parties | $ 652 | $ 694 | $ 381 | $ 46 |
| Cost of screening revenue—related parties | $ 8,532 | $ 4,142 | $ 637 | $ 192 |
| Cost of development services revenue—related parties | $ 238 | $ 227 | $ 133 | $ — |
| Operating expenses—Research and development—related parties | $ 19,508 | $ 18,780 | $ 1,233 | $ 10,076 |
| Operating expenses—General and administrative—related parties | $ 206 | $ 614 | $ 35 | $ 4 |

In accordance with the terms of the Merger Agreement, the Company received continuation payments of $35.0 million per month from the signing of the Merger Agreement until Closing, which were recorded as additional paid-in capital. During the Predecessor period from January 1, 2021 to August 18, 2021, the Company received total continuation payments from Illumina of $245.0 million.

*Contributions from (Distribution to) Member, Net*

The following related party transactions between the Company and Illumina have been included in these consolidated financial statements. As there is no intercompany loan agreement between Illumina and GRAIL and because these transactions have no history of being settled, the total net effect of these transactions are reflected in the consolidated statements of cash flows as cash provided by (or used by) financing activity and in the consolidated balance sheets as contribution from (distribution to) member, net, in member's equity. The following table presents the components of the net transfers to and from Illumina:

| (in thousands) | December 31, 2023 | January 1, 2023 | January 2, 2022 |
|---|---|---|---|
| Cash funding received from Illumina | $ 464,000 | $609,000 | $ 174,000 |
| Cash funding received from Illumina at acquisition | — | — | 600,000 |
| Cash payments for acquisition consideration on behalf of Illumina | — | — | (625,749) |
| Cash payments for equity awards | — | — | (184,963) |
| Taxes paid related to net share settlement of equity awards | (234) | (4,183) | (4,320) |
| Other | — | (544) | (1,883) |
| **Total contribution from (distribution to) member, net** | **$ 463,766** | **$604,273** | **$ (42,915)** |

*Dr. Klausner Consulting Agreement*

Effective May 2016, the Company entered into a consulting agreement for advisory consulting services with Richard Klausner, M.D., a member of the board of directors of the Company at that time. The compensation under the consulting agreement consisted of options to purchase Class A common stock and reimbursement of certain out-of-pocket expenses. The Company granted options to purchase shares of Class A common stock under the consulting agreement in 2016, 2018, and 2020. In accordance with the terms of the Merger Agreement, all awards granted to Dr. Klauser became fully vested upon the closing of the transaction, which is also when Dr. Klauser stopped providing directorship and consulting services to the Company and ceased to be a related party of the Company. Stock-based compensation expense of $0.4 million related to the consulting agreement is included in research and development—related parties for the Predecessor period from January 1, 2021 to August 18, 2021.

*Agilent Relationship*

From June 2019 through October 2021, Mr. Hans Bishop served as the Company's chief executive officer, during which time Mr. Bishop also served on the board of directors of Agilent Technologies, Inc. ("Agilent"), a supplier to the Company. Transactions with Agilent during the period of time Mr. Bishop held an officer role at the Company are reflected in the consolidated financial statements as related party transactions. Related party expenses of $0.1 million and $0.2 million are included in research and development—related parties in the periods of August 19, 2021 to January 2, 2022 and January 1, 2021 to August 19, 2021, respectively. Agilent was no longer a related party as of the year ended January 1, 2023.

*Twist Bioscience Relationship*

Mr. Robert Ragusa was appointed as the Company's chief executive officer in October 2021. Mr. Ragusa also serves on the board of directors of Twist, a supplier to the Company. Transactions with Twist beginning when Mr. Ragusa became the Company's chief executive officer are reflected in the consolidated financial statements as related party transactions. Related party expenses of $1.1 million, $0.4 million and $0.1 million are included in research and development—related parties in the years ended December 31, 2023 and January 1,

2023 and the period from August 19, 2021 to January 2, 2022, respectively. Related party expenses of $0.2 million are included in cost of screening revenue—related parties in the year ended December 31, 2023. Related party balances with Twist of $0.7 million and $0.1 million are included in accounts payable—related parties as of December 31, 2023, and accrued liabilities—related parties as of January 1, 2023, respectively. As of December 31, 2023, a balance of $1.1 million is included in supplies—related parties.

**NOTE 9. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS**

In connection with the Acquisition, each issued and outstanding share of GRAIL Stock was converted into the elected merger consideration. As the Successor Company is a single-member limited liability company wholly owned by Illumina, a separate calculation of net loss per share is not included for the years ended December 31, 2023, and January 1, 2023, and for the period ended January 2, 2022.

For the Predecessor period from January 1, 2021 to August 18, 2021, basic and diluted net loss per share attributable to common stockholders were presented in conformity with the two-class method required for participating securities. All series of its redeemable convertible preferred stock and early exercised stock options and restricted stock awards were determined to be participating securities. Under the two-class method, the net loss attributable to common stockholders was not allocated to the redeemable convertible preferred stock as the holders of the redeemable convertible preferred stock did not have a contractual obligation to share in losses. The Company had two classes of common stock, Class A and Class B, with voting rights of 1:1 and 10:1, respectively. The shares of Class B common stock were convertible into shares of Class A common stock at a ratio of 0.44 shares of Class A common stock to 0.42 shares of Class B common stock, but were otherwise obligated to share in losses equitably.

Basic net loss per share attributable to common stockholders was calculated by dividing the net loss adjusted to include deemed dividends paid to the holders of the preferred stock and accretion to the redemption value of the redeemable common stock awards, to the extent both impact accumulated deficit, by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. Diluted net loss per share attributable to common stockholders was the same as basic net loss per share, since the effects of potentially dilutive securities were anti-dilutive given the net loss attributable to common stockholders for each period presented.

The following table presents the calculation of the Predecessor's basic and diluted net loss per share attributable to common stockholders:

| (in thousands, except share and per share data) | (Predecessor) January 1 to August 18, 2021 Class A | Class B |
|---|---|---|
| **Numerator** | | |
| Net loss | $ (280,058) | $ (56,175) |
| Net loss attributable to common stockholders | $ (280,058) | $ (56,175) |
| **Denominator** | | |
| Basic common shares outstanding: | | |
| Weighted average shares of common stock—basic | 124,584,841 | 24,989,397 |
| Weighted average shares used in earnings per common share—basic | 124,584,841 | 24,989,397 |
| Net loss per share attributable to common stockholders | | |
| Basic | $ (2.25) | $ (2.25) |
| Diluted | $ (2.25) | $ (2.25) |

The Company is in a net loss position, whereby the basic net loss per share is the same as diluted net loss per share because the inclusion of potential shares of common stock would have been anti-dilutive. The following common stock equivalents were therefore excluded from the computation of diluted net loss per share for the period presented:

| | August 18, 2021 |
|---|---|
| Redeemable convertible preferred stock (on an if-converted basis) | 534,145,027 |
| Options to purchase common stock and restricted stock units | 129,971,156 |
| Shares subject to repurchase | 479,888 |
| **Total** | **664,596,071** |

**NOTE 10. TAXES**

Income (loss) before income taxes summarized by region was as follows:

| (in thousands) | (Successor) December 31, 2023 | January 1, 2023 | August 19, 2021 to January 2, 2022 | (Predecessor) January 1 to August 18, 2021 |
|---|---|---|---|---|
| United States | $(1,509,885) | $(5,443,759) | $ (892,906) | $ (343,465) |
| Foreign | 2,249 | 2,371 | (36,113) | 7,232 |
| **Loss before provision for (benefit from) income taxes** | **$(1,507,636)** | **$(5,441,388)** | **$ (929,019)** | **$ (336,233)** |

The provision for (benefit from) income taxes consisted of the following:

| (in thousands) | (Successor) December 31, 2023 | (Successor) January 1, 2023 | (Successor) August 19, 2021 to January 2, 2022 | (Predecessor) January 1 to August 18, 2021 |
|---|---|---|---|---|
| Current taxes: | | | | |
| Foreign | $ (3,798) | $ (3,227) | $ — | $ — |
| **Total current income tax expense/(benefit)** | (3,798) | (3,227) | — | — |
| Deferred taxes: | | | | |
| Federal | (22,019) | (24,496) | (14,862) | — |
| State | (16,134) | (14,567) | (2,615) | — |
| **Total deferred income tax expense/(benefit)** | (38,153) | (39,063) | (17,477) | — |
| **Provision for (Benefit from) income taxes** | **$ (41,951)** | **$(42,290)** | **$ (17,477)** | **$ —** |

The provision for (benefit from) income taxes reconciles to the amount computed by applying the federal statutory rate to income (loss) before income taxes as follows:

| (in thousands) | (Successor) December 31, 2023 | (Successor) January 1, 2023 | (Successor) August 19, 2021 to January 2, 2022 | (Predecessor) January 1 to August 18, 2021 |
|---|---|---|---|---|
| Tax at federal statutory rate | $ (316,603) | $(1,142,691) | $ (195,094) | $ (70,609) |
| State, net of federal benefit | (28,833) | (22,553) | (7,718) | (67,720) |
| Research tax credits | (10,913) | (12,104) | (2,792) | (21,757) |
| Change in valuation allowance | 178,867 | 146,621 | 55,907 | 465,038 |
| Impact of foreign operations | (1,299) | (4,352) | 6,072 | (11,384) |
| Stock compensation | 134 | 1,767 | 859 | (310,191) |
| Impact of acquisition related items | 3,520 | 2,548 | 125,179 | 8,959 |
| Goodwill impairment | 127,778 | 987,090 | — | — |
| Change in tax rates | — | — | — | 7,639 |
| Other | 5,398 | 1,384 | 110 | 25 |
| **Total tax provision (benefit from) income taxes** | **$ (41,951)** | **$ (42,290)** | **$ (17,477)** | **$ —** |

Significant components of deferred tax assets and liabilities were as follows:

| (in thousands) | December 31, 2023 | January 1, 2023 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating losses | $ 899,323 | $ 807,914 |
| Tax credits | 88,571 | 76,579 |
| Other accruals and reserves | 19,223 | 15,612 |
| Stock compensation | 373 | 234 |
| Capitalized U.S. research and development expenses | 124,997 | 68,745 |
| Other amortization | 61,036 | 64,119 |
| Operating lease liabilities | 19,825 | 22,353 |
| Other | 662 | 579 |
| Total gross deferred tax assets | 1,214,010 | 1,056,135 |
| Valuation allowance on deferred tax assets | (570,897) | (392,019) |
| **Total deferred tax assets** | **$ 643,113** | **$ 664,116** |
| | | |
| Deferred tax liabilities: | | |
| Purchased intangible amortization | $ (653,478) | $ (709,231) |
| Property and equipment | (2,964) | (2,241) |
| Operating lease right-of-use assets | (19,592) | (23,719) |
| **Total deferred tax liabilities** | **(676,034)** | **(735,191)** |
| **Deferred tax liability, net** | **$ (32,921)** | **$ (71,075)** |

Upon closing of the merger, as a single-member limited liability company wholly owned by Illumina, GRAIL, LLC is no longer subject to U.S. income tax as a separate entity for the Successor periods ended December 31, 2023, January 1, 2023, and January 2, 2022, and is combined into Illumina's consolidated income tax return as an entity disregarded as being separate from Illumina. However, for financial statement purposes, GRAIL has elected to compute its income tax provision, including current and deferred taxes, as if GRAIL was a corporation filing a separate income tax return and was not included in Illumina's consolidated return. Under this method, the deferred tax assets and liabilities presented above are as if GRAIL, LLC filed a separate return for the Successor periods. For income tax purposes, since GRAIL, LLC is not a separate taxpayer and merely a disregarded entity of Illumina, several of the U.S. tax attributes shown above, including net operating losses and tax credits, are the property of Illumina and have either already been utilized by Illumina in its consolidated or combined income tax returns or will be utilized by Illumina in its returns in the future. Accordingly, such U.S. tax attributes will not be available to a standalone GRAIL entity on its income tax returns in the future.

A valuation allowance is established when it is more likely than not that the future realization of all or some of the deferred tax assets will not be achieved. The evaluation of the need for a valuation allowance is performed on a jurisdiction-by-jurisdiction basis and includes a review of all available positive and negative evidence, including operating results and future reversals of existing taxable temporary differences such as the deferred tax liabilities related to purchased intangibles. Based on the available evidence as of December 31, 2023, we were not able to conclude it is more likely than not certain deferred tax assets will be realized. Therefore, a valuation allowance of $570.9 million was recorded against certain U.S. and foreign deferred tax assets.

As of December 31, 2023, the net operating loss carryforwards for federal and state tax purposes were $3.5 billion and $2.3 billion, respectively, a portion of which will begin to expire in 2036 unless utilized prior. The federal and state tax credit carryforwards were $90.5 million and $64.2 million. The federal credits will begin to expire in 2036 unless utilized prior. The state credits do not expire and can be carried forward

indefinitely. GRAIL's U.K. subsidiary had $28.8 million of U.K. net operating losses that can generally be carried forward provided that the U.K. entity maintains its existing trade or business.

Pursuant to Section 382 and 383 of the Internal Revenue Code, utilization of net operating losses and credits may be subject to annual limitations in the event of any significant future changes in its ownership structure. These annual limitations may result in the expiration of net operating losses and credits prior to utilization.

The following table summarizes the gross amount of uncertain tax positions:

| | (Successor) | | | (Predecessor) |
|---|---|---|---|---|
| (in thousands) | Year Ended December 31, 2023 | Year Ended January 1, 2023 | August 19, 2021 to January 2, 2022 | January 1 to August 18,2021 |
| Balance at beginning of year | $ 51,843 | $ 43,595 | $ 41,683 | $ 11,682 |
| Increases related to prior year tax positions | — | — | — | 9,842 |
| Decreases related to prior year tax positions | — | — | — | (843) |
| Increases related to current year tax positions | 7,452 | 8,248 | 1,912 | 21,002 |
| **Balance at end of year** | **$ 59,295** | **$ 51,843** | **$ 43,595** | **$ 41,683** |

Included in the balance of uncertain tax positions as of December 31, 2023 and January 1, 2023 were $54.4 million and $47.6 million, respectively, of net unrecognized tax benefits that, if recognized, would reduce the effective income tax rate in future periods. The Company has not recognized any interest or penalties related to uncertain tax positions. If interest and penalties are recognized in the future, such amounts will be included in the provision for income taxes.

Tax years 2016 to 2023 remain subject to future examination by the major tax jurisdictions in which we are subject to tax. It is reasonably possible that the balance of unrecognized tax benefits could change significantly over the next 12 months. However, due to the number of years remaining that are subject to examination, we are unable to estimate a full range of possible adjustments to the balance of unrecognized tax benefits.

## NOTE 11. LEGAL AND REGULATORY PROCEEDINGS

The Company is subject to various claims, complaints, regulatory proceedings, and legal actions that arise from time to time in the ordinary course of business.

On March 30, 2021, the U.S. Federal Trade Commission ("FTC") issued an administrative complaint seeking to prevent the Acquisition. On September 1, 2022, an administrative law judge issued a decision in favor of the transaction and dismissed the FTC's complaint. The FTC's complaint counsel appealed to the full FTC Commission. On March 31, 2023, the FTC Commission issued a decision overturning the administrative law judge's prior ruling. GRAIL and Illumina appealed the FTC's decision to the U.S. Court of Appeals for the Fifth Circuit ("Fifth Circuit"). On December 15, 2023, the Fifth Circuit issued its opinion and order, in which the court ruled that the FTC applied the incorrect standard in assessing Illumina's open offer contract and, on that basis, vacated the FTC order and remanded the case to the FTC for reconsideration of the effects of the open offer contract under the proper standard as described in the Fifth Circuit Court's decision, and in all other respects upheld the FTC's decision. The Company expects the Spin-Off to facilitate a prompt resolution of the FTC proceedings and, based on the fact that Illumina had a 14.5% ownership interest in GRAIL at the time of the Acquisition, do not expect that Illumina's potential retention of up to a 14.5% ownership interest in GRAIL will affect the resolution of these proceedings.

On April 19, 2021, the European Commission accepted a request for a referral of the GRAIL, Inc. acquisition for European Union merger review, submitted by a Member State of the European Union (France), and joined by several other Member States (Belgium, Greece, Iceland, the Netherlands, and Norway), under Article 22(1) of Council Regulation (EC) No 139/2004 (the "EU Merger Regulation"). On April 28, 2021, Illumina filed an action in the General Court of the European Union (the "EU General Court") asking for annulment of the European Commission's assertion of jurisdiction to review the acquisition under Article 22 of the EU Merger Regulation, as the acquisition does not meet the jurisdictional criteria under the EU Merger Regulation or under the national merger control laws of any Member State of the European Union. On July 13, 2022, the EU General Court confirmed the European Commission's jurisdiction to examine the Acquisition ("EU General Court Article 22 Judgment"). On September 22 and 30, 2022, Illumina and the Company each asked for annulment of the EU General Court Article 22 Judgment and their request is currently pending before the Court of Justice of the European Union. An oral hearing before the Court of Justice of the European Union was held on December 12, 2023.

On October 29, 2021, the European Commission adopted an order imposing interim measures (the "Initial Interim Measures Order"). As the Initial Interim Measures Order was set to expire in 2022, the European Commission adopted new interim measures on October 28, 2022 (the "Second Interim Measures Order"). The Company and Illumina both sought the annulment of the Initial Interim Measures Order, and Illumina also sought the annulment of the Second Interim Measures Order (the Company intervened in this procedure in support of Illumina). All requests for annulment were stayed pending the appeal asking for annulment of the EU General Court Article 22 Judgment.

On September 6, 2022, the European Commission adopted a decision finding Illumina's acquisition of GRAIL, Inc. incompatible with the internal market in Europe. On November 17, 2022, Illumina asked for annulment of this decision before the EU General Court (the Company was admitted to intervene in support of Illumina). This procedure is currently pending and moving forward.

On October 12, 2023, the European Commission adopted a decision requiring Illumina to divest the Company and to restore the situation prevailing before the Company's acquisition by Illumina (the "EC Divestment Decision"). Consistent with the previous interim measures orders, Illumina is required to continue funding the Company until any divestiture. In the instance of a capital markets transaction, Illumina must capitalize the Company at the time of the transaction with two-and-a-half years of funding based on the Company's long-range plan. The order also permits Illumina to maintain its royalty arrangement with the Company. On December 22, 2023, Illumina sought the annulment of the EC Divestment Decision before the EU General Court.

On December 17, 2023, following a review of the Fifth Circuit's opinion, Illumina elected not to pursue further appeals of the decision and announced Illumina's decision to divest GRAIL. The divestiture would be executed through a third-party sale or capital markets transaction, consistent with the European Commission's divestiture order, with the goal of finalizing the terms by the end of the second quarter of 2024, as publicly announced by Illumina. On December 22, 2023, Illumina submitted a draft divestment plan to the European Commission outlining proposed terms of the divestiture. The draft divestment plan is undergoing review by the European Commission, subject to comments by GRAIL and the Monitoring Trustee. GRAIL submitted its Observations to the draft divestment plan on January 12, 2024. On February 19, 2024, Illumina submitted a modified draft divestment plan to the European Commission. The Monitoring Trustee submitted its opinion on the divestment plan on January 31, 2024. The divestment plan, outlining the terms of the Company's divestiture, requires approval from the European Commission.

*Contingencies*

Contingencies primarily correspond to claims arising in the ordinary course of business. If necessary, these contingencies will be accrued, to the extent believed to be reasonably estimable to resolve the matter. The accrued contingency amounts are included in other current liabilities. Should the Company not be able to secure the terms it expects, these estimates may change and will be recognized in the period in which they are identified.

*Legal Matters*

Legal matters include various claims, complaints, and legal actions that arise from time to time. There can be no assurance that existing or future legal proceedings arising in the ordinary course of business or otherwise will not have a material adverse effect on the Company's business, financial position, results of operations, or cash flows.

We are involved in various lawsuits and claims arising in the ordinary course of business, including actions with respect to employment matters. In connection with these matters, we assess, on a regular basis, the probability and range of possible loss based on the developments in these matters. A liability is recorded in the consolidated financial statements if it is believed to be probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Since litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review outstanding legal matters to determine the adequacy of the liabilities accrued and related disclosures. We may change our estimates if our assessment of the various factors changes and the amount of ultimate loss may differ from our estimates, resulting in a material effect on our business, financial condition, results of operations, and/or cash flows. As of December 31, 2023, there were no pending litigations with any probable losses that can be reasonably estimated.

**NOTE 12. SUBSEQUENT EVENTS**

The Company has reviewed and evaluated subsequent events through March 8, 2024, the date these consolidated financial statements were filed.

**GRAIL, LLC**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

| | March 31, 2024 (Unaudited) | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 199,723 | $ 97,287 |
| Accounts receivable, net | 14,972 | 16,862 |
| Accounts receivable, net—related parties | 56 | 80 |
| Supplies | 14,556 | 14,788 |
| Supplies—related parties | 7,022 | 6,907 |
| Prepaid expenses and other current assets | 22,112 | 20,100 |
| Prepaid expenses and other current assets—related parties | 41 | 41 |
| Total current assets | 258,482 | 156,065 |
| Property and equipment, net | 78,059 | 81,355 |
| Property and equipment, net—related parties | 3,330 | 3,640 |
| Operating lease right-of-use assets | 79,361 | 84,386 |
| Restricted cash | 3,918 | 4,225 |
| Intangible assets, net | 2,652,639 | 2,687,223 |
| Goodwill | 888,936 | 888,936 |
| Other non-current assets | 8,126 | 7,984 |
| **Total assets** | **$ 3,972,851** | **$ 3,913,814** |
| **Liabilities and member's equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 8,832 | $ 18,845 |
| Accounts payable—related parties | 2,949 | 828 |
| Accrued liabilities | 68,992 | 73,711 |
| Accrued liabilities—related parties | 338 | 95 |
| Incentive plan liabilities | 40,595 | 54,513 |
| Operating lease liabilities, current portion | 13,981 | 14,809 |
| Other current liabilities | 1,938 | 809 |
| Total current liabilities | 137,625 | 163,610 |
| Operating lease liabilities, net of current portion | 65,960 | 69,598 |
| Deferred tax liability, net | 28,116 | 32,921 |
| Other non-current liabilities | 1,759 | 1,498 |
| Total liabilities | 233,460 | 267,627 |
| Member's equity | 11,733,616 | 11,421,446 |
| Accumulated other comprehensive income | 1,014 | 1,066 |
| Accumulated deficit | (7,995,239) | (7,776,325) |
| Total member's equity | 3,739,391 | 3,646,187 |
| **Total liabilities and member's equity** | **$ 3,972,851** | **$ 3,913,814** |

**See accompanying notes to condensed consolidated financial statements.**

**GRAIL, LLC**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)
(in thousands)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | April 2, 2023 |
| Revenue: | | |
| Screening revenue | $ 23,410 | $ 15,320 |
| Screening revenue—related parties | 129 | 252 |
| Development services revenue | 3,182 | 4,071 |
| Total revenue | 26,721 | 19,643 |
| Costs and operating expenses: | | |
| Cost of screening revenue (exclusive of amortization of intangible assets) | 10,990 | 8,846 |
| Cost of screening revenue—related parties | 2,732 | 1,579 |
| Cost of development services revenue | 1,391 | 1,336 |
| Cost of development services revenue—related parties | 45 | 24 |
| Cost of revenue—amortization of intangible assets | 33,472 | 33,472 |
| Research and development | 96,390 | 80,521 |
| Research and development—related parties | 5,235 | 5,352 |
| Sales and marketing | 46,819 | 45,835 |
| General and administrative | 57,018 | 46,658 |
| General and administrative—related parties | 51 | 51 |
| Total costs and operating expenses | 254,143 | 223,674 |
| Loss from operations | (227,422) | (204,031) |
| Other income: | | |
| Interest income | 2,901 | 2,227 |
| Other income, net | 42 | 95 |
| Total other income, net | 2,943 | 2,322 |
| Loss before income taxes | (224,479) | (201,709) |
| Benefit from income taxes | 5,565 | 8,043 |
| **Net loss** | **$ (218,914)** | **$ (193,666)** |

**See accompanying notes to condensed consolidated financial statements.**

**GRAIL, LLC**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited)
(in thousands)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | April 2, 2023 |
| Net loss | $ (218,914) | $ (193,666) |
| Other comprehensive loss: | | |
| Foreign currency translation loss adjustment | (52) | (59) |
| **Comprehensive loss** | **$ (218,966)** | **$ (193,725)** |

**See accompanying notes to condensed consolidated financial statements.**

**GRAIL, LLC**
**CONDENSED CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY**

(Unaudited)
(in thousands)

| | Member's Equity | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Member's Equity |
|---|---|---|---|---|
| **Balance as of December 31, 2023** | **$11,421,446** | **$ 1,066** | **$(7,776,325)** | **$3,646,187** |
| Net loss | — | — | (218,914) | (218,914) |
| Stock-based compensation expense | 170 | — | — | 170 |
| Other comprehensive loss | — | (52) | — | (52) |
| Contribution from member, net | 312,000 | — | — | 312,000 |
| **Balance as of March 31, 2024** | **$11,733,616** | **$ 1,014** | **$(7,995,239)** | **$3,739,391** |

| | Member's Equity | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Member's Equity |
|---|---|---|---|---|
| **Balance as of January 1, 2023** | **$10,955,907** | **$ 894** | **$(6,310,640)** | **$4,646,161** |
| Net loss | — | — | (193,666) | (193,666) |
| Stock-based compensation expense | 799 | — | — | 799 |
| Other comprehensive loss | — | (59) | — | (59) |
| Contribution from member, net | 108,870 | — | — | 108,870 |
| **Balance as of April 2, 2023** | **$11,065,576** | **$ 835** | **$(6,504,306)** | **$4,562,105** |

**See accompanying notes to condensed consolidated financial statements.**

**GRAIL, LLC**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)
(in thousands)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | April 2, 2023 |
| Cash flows from operating activities | | |
| **Net loss** | **$ (218,914)** | **$ (193,666)** |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Amortization of intangibles assets | 34,584 | 34,584 |
| Depreciation | 5,413 | 5,257 |
| Stock-based compensation expense | 29,106 | 21,516 |
| Cash payment for equity awards | (42,913) | (16,070) |
| Deferred income taxes | (4,805) | (7,014) |
| Other | 53 | (252) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,890 | 4,885 |
| Accounts receivable—related parties | 24 | 133 |
| Supplies | 232 | (317) |
| Supplies—related parties | (115) | (2,207) |
| Operating lease right-of-use assets and liabilities, net | 559 | 2,549 |
| Prepaid expenses and other assets | (3,576) | (929) |
| Prepaid expenses and other current assets—related parties | — | 24 |
| Accounts payable | (9,830) | (7,034) |
| Accounts payable—related parties | 2,121 | (890) |
| Accrued and other liabilities | (1,358) | (10,946) |
| Accrued and other liabilities—related parties | 243 | (105) |
| **Net cash used by operating activities** | **(207,286)** | **(170,482)** |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (2,548) | (2,635) |
| Purchases of property and equipment—related parties | — | (429) |
| **Net cash used by investing activities** | **(2,548)** | **(3,064)** |
| Cash flows from financing activities | | |
| Cash funding received from Illumina | 312,000 | 109,000 |
| Taxes paid related to net share settlement of equity awards | — | (130) |
| **Net cash provided by financing activities** | **312,000** | **108,870** |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (37) | 128 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 102,129 | (64,548) |
| Cash, cash equivalents and restricted cash—beginning of period | 101,512 | 246,128 |
| **Cash, cash equivalents and restricted cash—end of period** | **$ 203,641** | **$ 181,580** |
| Represented by: | | |
| Cash and cash equivalents | $ 199,723 | $ 177,048 |
| Restricted cash | 3,918 | 4,532 |
| **Total** | **$ 203,641** | **$ 181,580** |
| **Supplemental cashflow information:** | | |
| Property and equipment included in accounts payable and accrued liabilities | $ (593) | $ (1,522) |
| Operating cashflows from operating leases, net | (5,004) | (4,738) |

**See accompanying notes to condensed consolidated financial statements.**

**GRAIL, LLC**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

## NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

GRAIL, LLC ("GRAIL"), a limited liability company ("LLC"), previously named SDG Ops, LLC, was formed in the state of Delaware as a wholly owned subsidiary of Illumina, Inc. ("Illumina"). SDG Ops, LLC, along with SDG Ops, Inc., a Delaware corporation and wholly owned subsidiary of Illumina, were formed for the purpose of completing a merger transaction between GRAIL, Inc., and Illumina (the "Acquisition") in order to carry on the business of GRAIL, Inc. and its subsidiaries.

GRAIL, headquartered in Menlo Park, California, is an innovative commercial-stage healthcare company focused on saving lives and shifting the paradigm of early cancer detection. GRAIL's Galleri blood test screens for various types of cancers before individuals are symptomatic. Illumina is the sole member and 100% owner of GRAIL. Illumina implemented extensive and binding Hold Separate Commitments upon the Acquisition in order for Illumina and GRAIL to be held and operated as distinct and separate entities. The Hold Separate Commitments also provided for the appointment of a monitoring trustee. Notwithstanding the foregoing, the European Commission has adopted an order requiring Illumina and GRAIL to be held and operated as distinct and separate entities. Compliance with the order is monitored by an independent monitoring trustee. Refer to note "7. Legal and Regulatory Proceedings" for additional details.

*Our Ability to Continue as a Going Concern*

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company's ability to manage our net loss, and to become profitable and operate profitably, to manage our negative cash flows from operations and to generate positive cash flows from operations and our ability to obtain financing to support our working capital requirements. As part of Illumina, the Company is dependent upon Illumina for its working capital and financing requirements. The Company had $199.7 million of cash and cash equivalents as of March 31, 2024.

We believe that our existing cash and cash equivalents, in addition to the funding that Illumina is required to provide, will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months, as of the date these condensed consolidated financial statements were filed.

As of March 31, 2024, the Company had no off-balance sheet concentrations of credit risk.

*Fiscal Year*

The Company's fiscal year is the 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30, and December 31. References to Q1 2024 and Q1 2023 refer to the three months ended March 31, 2024 and April 2, 2023, respectively, which were both 13 weeks.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation and Principles of Consolidation*

The accompanying condensed consolidated financial statements represent the historical operations of the standalone GRAIL legal entity and include purchase accounting adjustments and certain tax adjustments as if GRAIL filed a separate income tax return and was not included in Illumina's condensed consolidated return. All

revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included in the condensed consolidated financial statements. Assets and liabilities were reflected at fair value under the new basis of accounting established at the closing of the Acquisition.

Management considered the need to allocate any shared costs incurred by the parent, Illumina, to the accompanying condensed consolidated financial statements. As previously discussed, the European Commission has adopted an order requiring Illumina and GRAIL to be held and operated as distinct and separate entities. As no integration has occurred, management has concluded that no material allocations are required. However, amounts recognized by the Company are not necessarily representative of the amounts that would have been reflected in the financial statements had the Company operated independently of the parent. Related party transactions with Illumina are discussed further in note "5. Related Party Transactions."

These condensed consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and include the accounts of GRAIL and its wholly owned subsidiaries. All intercompany balances have been eliminated in consolidation.

*Significant Accounting Policies*

During Q1 2024, there were no changes to our significant accounting policies as described in "Note 2—Summary of Significant Accounting Policies" to our audited Consolidated Financial Statements beginning on page F-10 of this Information Statement.

*Cash Equivalents*

As of March 31, 2024 and December 31, 2023, the Company's cash equivalents were held in money market funds, totaling $193.2 million and $92.6 million, respectively. Cash equivalents held in money market funds were categorized as Level 1 investments within the fair value hierarchy.

## NOTE 3. BALANCE SHEET COMPONENTS

The following tables present financial information of certain condensed consolidated balance sheets components:

| (in thousands) | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Accounts receivable, net** | | |
| Trade accounts receivable, gross | $ 18,160 | $ 19,924 |
| Allowance for credit losses | (3,188) | (3,062) |
| **Total accounts receivable, net** | **$ 14,972** | **$ 16,862** |

| (in thousands) | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Prepaid expenses and other current assets** | | |
| Prepaid service and maintenance | $ 2,712 | $ 1,179 |
| Prepaid software | 7,043 | 4,734 |
| Prepaid insurance | 573 | 814 |
| Prepaid other | 6,865 | 6,579 |
| Tax receivable | 3,990 | 5,411 |
| Indirect taxes | 929 | 1,383 |
| **Total prepaid expenses and other current assets** | **$ 22,112** | **$ 20,100** |

| (in thousands) | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Accrued liabilities** | | |
| Accrued compensation expenses | $ 29,647 | $ 41,484 |
| Accrued legal and professional expenses | 10,563 | 7,770 |
| Accrued clinical studies expenses | 8,310 | 6,897 |
| Accrued research and development expenses | 8,839 | 6,647 |
| Accrued marketing | 1,534 | 1,882 |
| Accrued other expenses | 10,099 | 9,031 |
| **Total accrued liabilities** | **$ 68,992** | **$ 73,711** |

## NOTE 4. STOCK INCENTIVE AWARDS

*Stock-Based Compensation*

Stock-based compensation expense, which includes expense for both equity and liability-classified awards, reported in our condensed consolidated statements of operations, was as follows:

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 (1) | April 2, 2023 (2) |
| Cost of screening revenue (exclusive of amortization of intangible assets) | $ 470 | $ 373 |
| Cost of development services revenue | 11 | — |
| Research and development | 11,443 | 8,960 |
| Sales and marketing | 5,463 | 4,042 |
| General and administrative | 11,719 | 8,141 |
| Stock-based compensation expense, before taxes | 29,106 | 21,516 |
| Related income tax benefits | (7,068) | (5,190) |
| **Stock-based compensation expense, net of taxes** | **$ 22,038** | **$ 16,326** |

*1)* Includes $28.9 million related to the Cash-Based Equity Awards and $0.2 million related to Replacement Awards.
*2)* Includes $20.7 million related to the Cash-Based Equity Awards and $0.8 million related to Replacement Awards.

*Liability-Classified Awards*

Established following the Acquisition, a cash-based equity incentive award (the "Cash-Based Equity Award") was adopted to provide GRAIL, LLC employees with dollar-denominated long-term incentive awards that increase or decrease in value based on corresponding changes in GRAIL's calculated value, similar to a dollar-denominated restricted stock unit award determined in accordance with the award agreement. GRAIL's stand-alone value calculation is estimated by the Company based on its analysis and on input from independent valuation advisors. To estimate the value of GRAIL, various assumptions may be used, such as long-range financial projections, as well as the discount rate and terminal growth rate. The awards generally have terms of four years and vest in four equal installments on each anniversary of the grant date, subject to continued employment through the vesting period.

Cash-Based Equity Award activity was as follows:

| (in thousands) | |
|---|---|
| **Beginning balance December 31, 2023** | **$292,189** |
| Granted | 26,700 |
| Canceled | (8,433) |
| Vested and paid in cash | (42,913) |
| Change in fair value | 11,051 |
| **Outstanding balance, March 31, 2024** | **$278,594** |

The Company's estimated incentive plan liabilities as of March 31, 2024 and December 31, 2023 were $40.6 million and $54.5 million, respectively. As of March 31, 2024, approximately $238.0 million of total unrecognized compensation cost related to awards issued to date was expected to be recognized over a weighted-average period of approximately 2.4 years.

The Company has one performance-based award outstanding for which vesting is based on future revenues. The award has an aggregate potential value of up to $78.0 million and expires, to the extent unvested, in August 2030. One-fourth of the total potential value of the award vests immediately upon the achievement of cumulative net revenues in any period of four consecutive fiscal quarters of $500.0 million, $750.0 million, $1.5 billion, and $2.0 billion. The Company assesses the probability of achieving the performance conditions associated with the award on a quarterly basis at each reporting period. As of March 31, 2024, it was not probable that the performance conditions associated with the award will be achieved and, therefore, no stock-based compensation expense, or corresponding liability, has been recognized in the condensed consolidated financial statements to date.

*Replacement Awards*

Illumina issued equity awards to GRAIL employees in exchange for any of their remaining outstanding and unvested GRAIL equity awards as of the closing of the Acquisition ("the Replacement Awards"). The remaining Replacement Awards, granted under Illumina's 2015 Stock and Incentive Compensation Plan (the 2015 Stock Plan), consist of performance stock options that are issued as shares of Illumina common stock at vesting. As of March 31, 2024, approximately $2.3 million of total unrecognized compensation cost related to performance stock options was expected to be recognized over a weighted-average period of approximately 3.5 years.

Replacement performance stock option activity was as follows:

| (Units in thousands) | Performance Stock Options | Weighted-Average Exercise Price |
|---|---|---|
| **Outstanding at December 31, 2023** | **16** | **$ 87.74** |
| Exercised | — | $ — |
| **Outstanding at March 31, 2024** | **16** | **$ 87.74** |

There were no outstanding replacement stock options exercisable as of March 31, 2024. The aggregate intrinsic value of replacement stock options outstanding as of March 31, 2024 and December 31, 2023 was $0.8 million and $0.9 million, respectively. Outstanding replacement stock options, in general, have contractual terms of ten years from the respective grant dates. The replacement stock options generally vest monthly over three years upon the achievement of Company-specified performance targets and are subject to continued service through the applicable vesting date.

**NOTE 5. RELATED PARTY TRANSACTIONS**

*Illumina Purchases and Sales*

On September 20, 2020, GRAIL, Inc., Illumina and its subsidiaries, SDG Ops, LLC, and SDG Ops, Inc., entered into an agreement and plan of merger, and on August 18, 2021, Illumina completed its acquisition of GRAIL, Inc. Prior to the Acquisition, Illumina held a 12% stake in the Company. Illumina is both a customer of the Company and a major supplier of the Company's reagents and capital equipment. Goods and services transactions with Illumina are invoiced and paid when due.

Goods and services transactions with Illumina have been reflected in the condensed consolidated financial statements as follows:

| (in thousands) | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Accounts receivable, net—related parties | $ 56 | $ 80 |
| Supplies—related parties | $ 6,032 | $ 5,855 |
| Prepaid expenses and other current assets—related parties | $ 41 | $ 41 |
| Property and equipment, net—related parties | $ 3,330 | $ 3,640 |
| Accounts payable—related parties | $ 2,949 | $ 168 |
| Accrued liabilities—related parties | $ 82 | $ 95 |

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | April 2, 2023 |
| Screening revenue—related parties | $ 129 | $ 252 |
| Cost of screening revenue—related parties | $ 2,669 | $ 1,579 |
| Cost of development services revenue—related parties | $ 45 | $ 24 |
| Operating expenses—Research and development—related parties | $ 4,802 | $ 4,780 |
| Operating expenses—General and administrative—related parties | $ 51 | $ 51 |

*Contributions from Member, Net*

The following related party transactions between the Company and Illumina have been included in these condensed consolidated financial statements. As there is no intercompany loan agreement between Illumina and GRAIL and because these transactions have no history of being settled, the total net effect of these transactions are reflected in the condensed consolidated statements of cash flows as cash provided by financing activity and in the condensed consolidated balance sheets as contribution from member, net, in member's equity. The following table presents the components of the net transfers to and from Illumina:

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | April 2, 2023 |
| Cash funding received from Illumina | $312,000 | $109,000 |
| Taxes paid related to net share settlement of equity awards | — | (130) |
| **Total contribution from member, net** | $312,000 | $108,870 |

*Twist Bioscience Relationship*

Mr. Robert Ragusa was appointed as the Company's chief executive officer in October 2021. Mr. Ragusa also serves on the board of directors of Twist Bioscience ("Twist"), a supplier to the Company. Transactions with Twist beginning when Mr. Ragusa became the Company's chief executive officer are reflected in the condensed consolidated financial statements as related party transactions.

Related party transactions with Twist have been reflected in the condensed consolidated financial statements as follows:

| (in thousands) | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Supplies—related parties | $ 990 | $ 1,052 |
| Accounts payable—related parties | $ — | $ 660 |
| Accrued liabilities—related parties | $ 256 | $ — |

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | April 2, 2023 |
| Cost of screening revenue—related parties | $ 63 | $ — |
| Operating expenses—Research and development—related parties | $ 433 | $ 572 |

**NOTE 6. TAXES**

Our effective tax rate varies from the U.S. federal statutory tax rate due to the change in in valuation allowances related to certain deferred tax assets, state taxes, benefits related to tax credits, and the tax impact of non-deductible expenses and other permanent differences between income/(loss) before income taxes and taxable income/(loss).

Our effective tax rate was 2.5% in Q1 2024 compared to 4.0% in Q1 2023. The variance from the U.S. federal statutory tax rate of 21% in Q1 2024 and Q1 2023 was primarily attributable to the change in valuation allowances related to certain deferred tax assets, including net operating losses and tax credits, which will remain the property of Illumina and have either already been utilized by Illumina in its consolidated or combined income tax returns or will be utilized by Illumina in its returns in the future. Accordingly, such U.S. tax attributes will not be available to a standalone GRAIL entity on its income tax returns in the future. Upon closing of the merger, as a single-member limited liability company wholly owned by Illumina, GRAIL, LLC is no longer subject to U.S. income tax as a separate entity and is combined into Illumina's consolidated income tax return as an entity disregarded as being separate from Illumina. However, for financial statement purposes, GRAIL has elected to compute its income tax provision, including current and deferred taxes, as if GRAIL was a corporation filing a separate income tax return and was not included in Illumina's consolidated return. Under this method, the deferred tax assets and liabilities presented are as if GRAIL, LLC filed a separate return.

**NOTE 7. LEGAL AND REGULATORY PROCEEDINGS**

The Company is subject to various claims, complaints, regulatory proceedings, and legal actions that arise from time to time in the ordinary course of business.

On March 30, 2021, the U.S. Federal Trade Commission ("FTC") issued an administrative complaint seeking to prevent the Acquisition. On September 1, 2022, an administrative law judge issued a decision in favor of the transaction and dismissed the FTC's complaint. The FTC's complaint counsel appealed to the full FTC Commission. On March 31, 2023, the FTC Commission issued a decision overturning the administrative law judge's prior ruling. GRAIL and Illumina appealed the FTC's decision to the U.S. Court of Appeals for the Fifth Circuit ("Fifth Circuit"). On December 15, 2023, the Fifth Circuit issued its opinion and order, in which the court

ruled that the FTC applied the incorrect standard in assessing Illumina's open offer contract and, on that basis, vacated the FTC order and remanded the case to the FTC for reconsideration of the effects of the open offer contract under the proper standard as described in the Fifth Circuit Court's decision, and in all other respects upheld the FTC's decision. The Company expects the Spin-Off to facilitate a prompt resolution of the FTC proceedings and, based on the fact that Illumina had a 14.5% ownership interest in GRAIL at the time of the Acquisition, do not expect that Illumina's potential retention of up to a 14.5% ownership interest in GRAIL will affect the resolution of these proceedings.

On April 19, 2021, the European Commission accepted a request for a referral of the GRAIL, Inc. acquisition for European Union merger review, submitted by a Member State of the European Union (France), and joined by several other EEA Member States (Belgium, Greece, Iceland, the Netherlands, and Norway), under Article 22(1) of Council Regulation (EC) No 139/2004 (the "EU Merger Regulation"). On April 28, 2021, Illumina filed an action in the General Court of the European Union (the "EU General Court") asking for annulment of the European Commission's assertion of jurisdiction to review the acquisition under Article 22 of the EU Merger Regulation, as the acquisition does not meet the jurisdictional criteria under the EU Merger Regulation or under the national merger control laws of any Member State of the European Union. On July 13, 2022, the EU General Court confirmed the European Commission's jurisdiction to examine the Acquisition ("EU General Court Article 22 Judgment"). On September 22 and 30, 2022, Illumina and the Company each asked for annulment of the EU General Court Article 22 Judgment and their request is currently pending before the Court of Justice of the European Union ("EU Court of Justice"). An oral hearing before the EU Court of Justice was held on December 12, 2023. On March 21, 2024, the Advocate General recommended, in a non-binding Opinion, that the EU Court of Justice annul the General Court's judgment and the European Commission's decisions accepting the referral of the GRAIL acquisition for EU merger review.

On October 29, 2021, the European Commission adopted an order imposing interim measures (the "Initial Interim Measures Order"). As the Initial Interim Measures Order was set to expire in 2022, the European Commission adopted new interim measures on October 28, 2022 (the "Second Interim Measures Order"). The Company and Illumina both sought the annulment of the Initial Interim Measures Order, and Illumina also sought the annulment of the Second Interim Measures Order (the Company intervened in this procedure in support of Illumina). All requests for annulment were stayed pending the appeal asking for annulment of the EU General Court Article 22 Judgment.

On September 6, 2022, the European Commission adopted a decision finding Illumina's acquisition of GRAIL, Inc. incompatible with the internal market in Europe. On November 17, 2022, Illumina asked for annulment of this decision before the EU General Court (the Company was admitted to intervene in support of Illumina). This procedure is currently pending and moving forward.

On October 12, 2023, the European Commission adopted a decision requiring Illumina to divest the Company and to restore the situation prevailing before the Company's acquisition by Illumina (the "EC Divestment Decision"). Consistent with the previous interim measures orders, Illumina is required to continue funding the Company until any divestiture. In the instance of a capital markets transaction, Illumina must capitalize the Company at the time of the transaction with two-and-a-half years of funding based on the Company's long-range plan. The order also permits Illumina to maintain its royalty arrangement with the Company. On December 22, 2023, Illumina sought the annulment of the EC Divestment Decision before the EU General Court.

On December 17, 2023, following a review of the Fifth Circuit's opinion, Illumina elected not to pursue further appeals of the decision and announced Illumina's decision to divest GRAIL. The divestiture would be executed through a third-party sale or capital markets transaction, consistent with the European Commission's divestiture order, with the goal of finalizing the terms by the end of the second quarter of 2024, as publicly announced by Illumina. On December 22, 2023, Illumina submitted a divestment plan to the European Commission outlining proposed terms of the divestiture. GRAIL submitted its Observations to the divestment

plan on January 12, 2024. The Monitoring Trustee submitted its opinion on the divestment plan on January 31, 2024. The divestment plan, outlining the terms of the Company's divestiture, was approved by the European Commission on April 12, 2024.

*Contingencies*

Contingencies primarily correspond to claims arising in the ordinary course of business. If necessary, these contingencies will be accrued, to the extent believed to be reasonably estimable to resolve the matter. The accrued contingency amounts are included in other current liabilities. Should the Company not be able to secure the terms it expects, these estimates may change and will be recognized in the period in which they are identified.

*Legal Matters*

Legal matters include various claims, complaints, and legal actions that arise from time to time. There can be no assurance that existing or future legal proceedings arising in the ordinary course of business or otherwise will not have a material adverse effect on the Company's business, financial position, results of operations, or cash flows.

We are involved in various lawsuits and claims arising in the ordinary course of business, including actions with respect to employment matters. In connection with these matters, we assess, on a regular basis, the probability and range of possible loss based on the developments in these matters. A liability is recorded in the condensed consolidated financial statements if it is believed to be probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Since litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review outstanding legal matters to determine the adequacy of the liabilities accrued and related disclosures. We may change our estimates if our assessment of the various factors changes and the amount of ultimate loss may differ from our estimates, resulting in a material effect on our business, financial condition, results of operations, and/or cash flows. As of March 31, 2024, there were no pending litigations with any probable losses that can be reasonably estimated.

**NOTE 8. SUBSEQUENT EVENTS**

The Company has reviewed and evaluated subsequent events for recognition and remeasurement purposes of the interim condensed consolidated financial statements as of March 31, 2024, and for the three months then ended, through May 6, 2024, and for disclosure purposes, through May 28, 2024.

On May 24, 2024, the Illumina Board authorized management to continue proceeding with the potential spin-off of GRAIL, subject to finalization of certain terms. This authorization represents a potential indicator of impairment in Q2 2024 for purposes of performing an interim goodwill impairment test. The remaining carrying value of goodwill at March 31, 2024 was $888.9 million.