UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023
OR

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

For transition period from to
Commission File Number 001-40090

SOMALOGIC, INC.

(Exact name of registrant as specified in its charter)

Delaware	**85-4298912**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2945 Wilderness Place
Boulder, Colorado 80301
(303) 625-9000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.0001 par value	SLGC	Nasdaq Capital Market
Warrants to purchase Common Stock	SLGCW	Nasdaq Capital Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.. ☐

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

As of April 28, 2023, there were approximately 187,945,300 shares of the registrant's common stock outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements, other than statements of historical fact included in or incorporated by reference into this Quarterly Report on Form 10-Q, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this report, the words ““will be,” “will,” “expect,” “anticipate,” “continue,” “project,” “believe,” “plan,” “could,” “estimate,” “forecast,” “guidance,” “intend,” “may,” “plan,” “possible,” “potential,” “predict,” “pursue,” “should,” “target” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

These statements include, but are not limited to the following:

- the occurrence of any event, change or other circumstances, including the outcome of any legal proceedings that may be instituted against the Company;
- the ability to comply with the listing requirements of the Nasdaq;
- the risk of disruption, including in the Company’s information technology systems, to the Company’s current plans and operations;
- the ability to recognize the anticipated benefits of the Company’s business, which may be affected by, among other things, competition and the ability to grow and manage growth profitably and retain its key employees;
- costs related to the Company’s business;
- changes in applicable laws or regulations;
- the ability of the Company to raise financing in the future;
- the success, cost and timing of the Company’s product development, sales and marketing, and research and development activities;
- the ability to protect the Company’s intellectual property;
- the Company’s plans to engage in acquisition activities and the anticipated impact of such activities on the Company’s financial results;
- the impact of the procurement and budgetary cycles of customers;
- the Company’s ability to obtain and maintain regulatory approval for its products, and any related restrictions and limitations of any approved product;
- the Company’s ability to maintain existing license agreements and manufacturing arrangements;
- the Company’s ability to attract or retain sales and distribution partners;
- the Company’s ability to compete with other companies currently marketing or engaged in the development of products and services that serve customers engaged in proteomic analysis, many of which have greater financial and marketing resources than the Company;
- the size and growth potential of the markets for the Company’s products, and the ability of each to serve those markets, either alone or in partnership with others;
- the Company’s estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- the ability to use net operating losses and certain other tax attributes; and
- the Company’s financial performance.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the Company’s current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the Company’s control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. The Company will not and does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SomaLogic, Inc.
Condensed Consolidated Balance Sheets
Unaudited
(in thousands, except share data)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 438,509	$ 421,830
Investments	62,061	117,758
Accounts receivable, net	25,585	17,006
Inventory	15,051	13,897
Deferred costs of services	1,181	1,337
Prepaid expenses and other current assets	4,666	9,873
Total current assets	547,053	581,701
Non-current inventory	6,985	4,643
Accounts receivable, net of current portion	9,048	9,284
Property and equipment, net of accumulated depreciation and amortization of $19,628 and $17,899 as of March 31, 2023 and December 31, 2022, respectively	19,706	19,564
Other long-term assets	4,349	5,083
Intangible assets	16,700	16,700
Goodwill	10,399	10,399
Total assets	$ 614,240	$ 647,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 22,676	$ 16,794
Accrued liabilities	10,071	20,678
Deferred revenue	3,905	3,383
Other current liabilities	2,221	2,477
Total current liabilities	38,873	43,332
Warrant liabilities	3,160	4,213
Earn-out liability	—	15
Deferred revenue, net of current portion	31,469	31,732
Other long-term liabilities	5,428	5,524
Total liabilities	78,930	84,816
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value; 600,000,000 shares authorized; 187,945,232 and 187,647,973 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	19	19
Additional paid-in capital	1,178,212	1,171,122
Accumulated other comprehensive loss	(164)	(513)
Accumulated deficit	(642,757)	(608,070)
Total stockholders' equity	535,310	562,558
Total liabilities and stockholders' equity	$ 614,240	$ 647,374

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SomaLogic, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
Unaudited
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2023	2022
Revenue		
Assay services revenue	$ 18,419	$ 18,800
Product revenue	1,186	453
Collaboration revenue	763	763
Other revenue	11	2,964
Total revenue	20,379	22,980
Operating expenses		
Cost of assay services revenue	11,682	11,380
Cost of product revenue	634	272
Research and development	14,067	13,800
Selling, general and administrative	34,189	30,815
Total operating expenses	60,572	56,267
Loss from operations	(40,193)	(33,287)
Other income		
Interest income and other, net	4,925	209
Change in fair value of warrant liabilities	1,053	12,640
Change in fair value of earn-out liability	15	16,462
Total other income	5,993	29,311
Net loss before income tax provision	$ (34,200)	$ (3,976)
Income tax provision	(2)	(3)
Net loss	$ (34,202)	$ (3,979)
Other comprehensive income (loss)		
Net unrealized gain (loss) on available-for-sale securities	$ 351	$ (652)
Foreign currency translation loss	(2)	(3)
Total other comprehensive income (loss)	349	(655)
Comprehensive loss	$ (33,853)	$ (4,634)
Net loss per share, basic and diluted	$ (0.18)	$ (0.02)
Weighted-average shares outstanding used to compute net loss per share, basic and diluted	186,524,473	182,050,468

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SomaLogic, Inc.
Condensed Consolidated Statements of Stockholders' Equity
Unaudited
(in thousands, except share amounts)

	Three Months Ended March 31, 2023						
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2022	187,647,973	$ 19	$ 1,171,122	$ (513)	$ (608,070)	$ 562,558
Issuance of Common Stock upon vesting of RSUs	185,863	—	—	—	—	—
Issuance of Common Stock upon exercise of options	111,396	—	172	—	—	172
Stock-based compensation	—	—	6,918	—	—	6,918
Impact of adoption of ASC 326	—	—	—	—	(485)	(485)
Net unrealized gain on available-for-sale securities	—	—	—	351	—	351
Foreign currency translation loss	—	—	—	(2)	—	(2)
Net loss	—	—	—	—	(34,202)	(34,202)
Balance at March 31, 2023	187,945,232	$ 19	$ 1,178,212	$ (164)	$ (642,757)	$ 535,310

	Three Months Ended March 31, 2022					
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2021	181,552,241	$ 18	$ 1,110,991	$ (72)	$ (498,913)	$ 612,024
Issuance of Common Stock upon exercise of options	624,685	—	1,242	—	—	1,242
Issuance of Common Stock for services	—	—	50	—	—	50
Stock-based compensation	—	—	8,627	—	—	8,627
Net unrealized loss on available-for-sale securities	—	—	—	(652)	—	(652)
Foreign currency translation loss	—	—	—	(3)	—	(3)
Net loss	—	—	—	—	(3,979)	(3,979)
Balance at March 31, 2022	182,176,926	$ 18	$ 1,120,910	$ (727)	$ (502,892)	$ 617,309

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SomaLogic, Inc.
Condensed Consolidated Statements of Cash Flows
Unaudited
(in thousands)

	Three Months Ended March 31,	
	2023	2022
Operating activities		
Net loss	$ (34,202)	$ (3,979)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation expense	7,183	8,671
Depreciation and amortization	1,754	755
Noncash lease expense	(47)	369
Change in fair value of warrant liabilities	(1,053)	(12,640)
Change in fair value of earn-out liability	(15)	(16,462)
Change in fair value contingent consideration	6	—
Amortization of premium (accretion of discount) on available-for-sale securities, net	(493)	77
Provision for expected credit losses	94	133
Cloud computing arrangement expenditures	(620)	(1,795)
Other	10	15
Changes in operating assets and liabilities:		
Accounts receivable	(8,921)	(4,965)
Inventory	(3,496)	(1,760)
Deferred costs of services	156	462
Prepaid expenses and other current assets	1,096	(526)
Other long-term assets	—	(113)
Accounts payable	5,881	2,165
Deferred revenue	259	29,185
Accrued and other liabilities	(10,637)	(5,507)
Net cash used in operating activities	(43,045)	(5,915)
Investing activities		
Purchases of property and equipment	(1,262)	(364)
Purchases of available-for-sale securities	—	(77,919)
Proceeds from maturities of available-for-sale securities	56,541	85,650
Net cash provided by investing activities	55,279	7,367
Financing activities		
Proceeds from exercise of stock options and employee stock purchase plan	172	1,242
Net cash provided by financing activities	172	1,242
Effect of exchange rates on cash, cash equivalents and restricted cash	(7)	(10)
Net increase in cash, cash equivalents and restricted cash	12,399	2,684
Cash, cash equivalents and restricted cash at beginning of period	427,282	440,268
Cash, cash equivalents and restricted cash at end of period	$ 439,681	$ 442,952
Supplemental disclosure of non-cash investing and financing activities:		
Purchase of property and equipment included in accounts payable	$ 634	$ 1,467
Operating lease assets obtained in exchange for lease obligations	—	4,134
Issuance of Common Stock for services	—	50
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	438,509	438,052
Restricted cash included in prepaid expenses and other current assets	547	—
Restricted cash included in other long-term assets	625	4,900
Total cash, cash equivalents and restricted cash at end of period	$ 439,681	$ 442,952

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SomaLogic, Inc.
Notes to Condensed Consolidated Financial Statements
Unaudited

Note 1 — Description of Business

Organization and Operations

SomaLogic, Inc. ("SomaLogic" or the "Company") operates as a protein biomarker discovery and clinical diagnostics company that develops slow off-rate modified aptamers ("SOMAmers®"), which are modified nucleic acid-based protein binding reagents that are specific for their cognate protein, and offer proprietary SomaScan® services, which provide multiplex protein detection and quantification of protein levels in complex biological samples. The SOMAmers®/SomaScan® technology enables researchers to analyze various types of biological samples for protein biomarker signatures, which can be utilized in drug discovery and development. Biomarker discoveries from SomaScan® can lead to diagnostic applications in various areas of diseases including cardiovascular and metabolic disease, nonalcoholic steatohepatitis, and wellness, among others.

SomaLogic, Inc. was incorporated in Delaware on December 15, 2020 as a special purpose acquisition company ("SPAC") under the name CM Life Sciences II Inc. ("CMLS II") for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses.

On September 1, 2021, we consummated a business combination (the "SPAC Merger") wherein SomaLogic Operating Co. Inc. ("SomaLogic Operating"), a Delaware corporation formed on October 13, 1999, became a wholly-owned subsidiary of CMLS II. In connection with the closing of the SPAC Merger, we changed our name from CM Life Sciences II Inc. to SomaLogic, Inc.

Unless the context otherwise requires, the terms "we", "us", "our", "SomaLogic" and "the Company" refer to SomaLogic, Inc. and its consolidated subsidiaries. See Note 4, *Business Combinations*, for more details of the SPAC Merger and, the presentation of historical amounts and balances after the SPAC Merger. Our Common Stock and warrants to purchase Common Stock are listed on the Nasdaq under the ticker symbols "SLGC" and "SLGCW", respectively.

Other than information discussed herein, there have been no significant changes to our description of business disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K").

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements and accompanying notes include the accounts of SomaLogic and our wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") of the Financial Accounting Standards Board ("FASB").

Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2022 included in the 2022 Form 10-K.

These unaudited condensed consolidated financial statements have been prepared on the same basis as our annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments considered necessary for a fair presentation of interim financial information, to present fairly our condensed consolidated financial position and our results of operations and cash flows. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any other future annual or interim period.

Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Revisions of prior period consolidated financial statements

Capitalized costs incurred in relation to the development of software under hosting arrangements that are service contracts should be classified as operating activities in the statement of cash flows. We determined that the prior classification of these capitalized costs under purchases of property and equipment, net of proceeds from sales within investing activities in the condensed consolidated statement of cash flows was not material to the prior period condensed consolidated financial statements as a whole. The prior period's condensed consolidated statement of cash flows has been revised to reflect the proper classification of capitalized costs in the accompanying condensed consolidated financial statements as follows:

	Three Months Ended March 31, 2022		
(in thousands)	As Previously Reported	Reclassification	Revised
Operating Activities			
Cloud computing arrangement expenditures	$ —	$ (1,795)	$ (1,795)
Net cash used in operating activities	$ (4,120)	$ (1,795)	$ (5,915)
Investing Activities			
Purchases of property and equipment, net of proceeds from sales	(2,159)	1,795	(364)
Net cash provided by investing activities	$ 5,572	$ 1,795	$ 7,367
Supplemental disclosure of non-cash investing and financing activities:			
Purchase of property and equipment included in accounts payable	$ 905	$ 562	$ 1,467

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Actual results could differ from those estimates. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, revenue recognition, net realizable value of inventory, intangible asset valuations, and contingent consideration valuations. We base our estimates on current facts, historical and anticipated results, trends, and other relevant assumptions that we believe are reasonable under the circumstances. Actual results could differ from these estimates, and such differences could be material to our consolidated financial position and results of operations.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially expose us to concentrations of credit risk consist principally of cash and cash equivalents, investments, and accounts receivable. We do not require collateral or other security related to our receivables. Our cash and cash equivalents are deposited with high-quality financial institutions. Deposits at these institutions may, at times, exceed federally insured limits.

Significant customers are those that represent more than 10% of our total revenues or gross accounts receivable balances for the periods in the condensed consolidated statements of operations and comprehensive loss and as of each balance sheet date presented. For each significant customer, revenue as a percentage of total revenues and gross accounts receivable as a percentage of total gross accounts receivable as of the periods presented were as follows:

	Accounts Receivable		Revenue	
			Three months ended March 31,	
	March 31, 2023	December 31, 2022	2023	2022
Customer A	26%	11%	45%	35%
Customer B	*	*	10%	*
Customer C	38%	51%	*	13%

* less than 10%

International sales entail a variety of risks, including currency exchange fluctuations, longer payment cycles, and greater difficulty in accounts receivable collection. Customers outside the United States collectively represent 66% and 44% of our revenues for the three months ended March 31, 2023 and 2022, respectively. Customers outside of the United States collectively represented 41% and 23% of our gross accounts receivable balance as of March 31, 2023 and December 31, 2022, respectively.

Certain components included in our products require customization and are obtained from a single source or a limited number of suppliers.

SomaLogic, Inc.
Notes to Condensed Consolidated Financial Statements
Unaudited

Business Combination

We account for business combinations using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. A business combination is one that combines inputs and processes to create outputs, and where substantially all of the fair value of assets acquired is not concentrated in a single identifiable asset or group of similar identifiable assets. Identifiable assets acquired and liabilities assumed are recorded at their acquisition date fair values. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities assumed is recorded as goodwill. Acquisition related costs are expensed as incurred and included in selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss. See Note 4, *Business Combinations*, for additional details.

Contingent Consideration

Contingent consideration arrangements represent a promise to deliver Common Stock and/or cash to former owners of an acquired business after the acquisition if certain specified events occur or conditions are met in the future are classified as liabilities and recognized at fair value at the acquisition date and at each subsequent reporting period. The contingent consideration liabilities contractually due beyond 12 months are recorded in other long-term liabilities on the condensed consolidated balance sheets. Subsequent changes in fair value are recorded in selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss. See Note 4, *Business Combinations,* for additional details.

Accounts Receivable and Allowance for Expected Credit Losses

Effective January 1, 2023, we adopted the requirements of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), along with the subsequently issued guidance amending and clarifying various aspects of ASU 2016-13, using the modified retrospective method of adoption. In accordance with that method, the comparative periods’ information continues to be reported under the relevant accounting guidance in effect for that period. For the current period, the standard replaces the existing incurred credit loss model with the current expected credit losses model for financial instruments, including accounts receivable, through a cumulative-effect adjustment to accumulated deficit as of the beginning of the first reporting period in which the guidance is effective.

We are exposed to credit losses primarily through sales of products and services and recognize an allowance for expected credit losses on accounts receivable in an amount equal to the current expected credit losses. The estimation of the allowance for expected credit losses is based on an analysis of historical loss experience, a review of the current aging status of receivables, assessments of current and estimated future economic and market conditions, and assessments of specific customer accounts to be considered at risk or uncollectible. We write off accounts receivable against the allowance for expected credit losses when we determine a balance is uncollectible and cease collection efforts. We did not write off any material accounts receivable balances during the periods ended March 31, 2023 and 2022.

As of March 31, 2023, we also recorded a long-term receivable for guaranteed fixed minimum royalties net of a discount related to a significant financing component. The related interest income is recognized over the term of the agreement on an effective interest rate basis.

Accounts receivable, net consisted of the following:

(in thousands)	March 31, 2023	December 31, 2022
Accounts receivable	$ 35,363	$ 26,441
Less: allowance for expected credit losses	(730)	(151)
Accounts receivable, net	$ 34,633	$ 26,290
Accounts receivable, net (current)	$ 25,585	$ 17,006
Accounts receivable, net of current portion	$ 9,048	$ 9,284

A rollforward of the allowance for expected credit losses balance for the three months ended March 31, 2023 is as follows:

(in thousands)		
Allowance for doubtful accounts, December 31, 2022	$	(151)
Impact of adopting ASU 2016-13		(485)
Allowance for expected credit losses, January 1, 2023		(636)
Provision for credit losses		(94)
Write offs, net		—
Allowance for expected credit losses, March 31, 2023	$	(730)

Inventory

Inventory is stated at the lower of cost (on a first-in, first-out basis) or net realizable value. Cost is determined using a standard cost system, whereby the standard costs are updated periodically to reflect current costs. We estimate the recoverability of inventory by referencing estimates of future demands and product life cycles, including expiration. We periodically analyze our inventory levels to identify inventory that may expire prior to expected usage, no longer meets quality specifications, or has a cost basis in excess of its estimated net realizable value and record a charge to cost of revenue for such inventory as appropriate. The value of inventory that is not expected to be used within 12 months of the balance sheet date is classified as non-current inventory in the accompanying condensed consolidated balance sheets.

In-process Research and Development

Acquired in-process research and development (“IPR&D”) relates to substantial research and development efforts that are incomplete at the acquisition date. IPR&D intangible assets are considered indefinite-lived until the completion or abandonment of the associated research and development efforts. During the development phase, these assets are not amortized but are tested for impairment annually during the fourth quarter of the year or more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Once the IPR&D activities are completed, the intangible asset is amortized over its useful life on a straight-line basis.

Goodwill

Goodwill is the difference between the total consideration paid in a business combination and the fair value of the net of identifiable assets acquired and liabilities assumed. Goodwill is not amortized but is tested for impairment on an annual basis during the fourth quarter of the year and in interim periods if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount. All of our goodwill is assigned to our one reporting unit.

We first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill. If, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is unnecessary. For the quantitative goodwill impairment test, the fair value of the reporting unit is compared to its carrying value and an impairment is recorded for the excess carrying value over fair value, not to exceed the carrying amount of goodwill. There were no goodwill impairment losses recorded in any period presented.

Impairment of Long-Lived Assets

We evaluate a long-lived asset (or asset group) for impairment whenever events or changes in circumstances indicate that the carrying value of the asset (or asset group) may not be recoverable. If indicators of impairment exist and the undiscounted future cash flows that the asset is expected to generate are less than the carrying value of the asset, an impairment loss is recorded to write down the asset to its estimated fair value based on a discounted cash flow approach. There were no impairment losses recorded in any period presented.

Leases

We determine if an arrangement is a lease at inception of the contract. Operating lease right-of-use (“ROU”) assets are included in other long-term assets, and operating lease liabilities are included in other current liabilities and other long-term liabilities in the condensed consolidated balance sheets.

ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at commencement date. As the implicit rate in our leases is generally unknown, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. We give consideration to our credit risk, term of the lease, total lease payments and adjust for the impacts of collateral, as necessary, when calculating our incremental borrowing rates.

SomaLogic, Inc.
Notes to Condensed Consolidated Financial Statements
Unaudited

Operating lease ROU assets include lease incentives and initial direct costs incurred. When the lease incentives specify a maximum level of reimbursement and we are reasonably certain to incur reimbursable costs equal to or exceeding this level, we include the lease incentive in the measurement of the ROU assets and lease liabilities at commencement. The lease terms may include options to extend or terminate the lease when it is reasonably certain we will exercise any such options. Lease costs for our operating leases are recognized on a straight-line basis within operating expenses over the lease term in the condensed consolidated statements of operations and comprehensive loss.

We have lease agreements with lease and non-lease components. However, we have elected the practical expedient to not separate lease and non-lease components for all of our existing classes of assets. Therefore, the lease and non-lease components are accounted for as a single lease component. We have also elected to not apply the recognition requirement to any short-term leases with a term of 12 months or less.

We monitor for events or changes in circumstances that may require a reassessment or impairment of our leases, at which time our ROU assets for operating leases may be reduced by impairment losses.

Warrant Liabilities

During February 2021, in connection with CMLS II's initial public offering, CMLS II issued 5,519,991 warrants (the "Public Warrants") to purchase shares of Common Stock at $11.50 per share. Simultaneously, with the consummation of the CMLS II initial public offering, CMLS II issued 5,013,333 warrants through a private placement (the "Private Placement Warrants", and together with the Public Warrants, the "Warrants") to purchase shares of Common Stock at $11.50 per share. All of the Warrants were outstanding as of March 31, 2023.

We classify the Warrants as liabilities on our condensed consolidated balance sheets as these instruments are precluded from being indexed to our own stock given that the terms allow for a settlement adjustment that does not meet the scope for the fixed-for-fixed exception in ASC 815, *Derivatives and Hedging* ("ASC 815"). Since the Warrants meet the definition of a derivative under ASC 815-40, we recorded these warrants as long-term liabilities at fair value on the date of the SPAC Merger, with subsequent changes in their respective fair values recognized within change in fair value of warrant liabilities in the condensed consolidated statements of operations and comprehensive loss at each reporting date. See Note 10, *Stockholders' Equity,* for more information on the Warrants.

Earn-Out Liability

As a result of the SPAC Merger, additional shares of Common Stock were provided to SomaLogic Operating shareholders and to certain employees and directors of SomaLogic ("Earn-Out Service Providers") of up to 3,500,125 and 1,499,875, respectively (the "Earn-Out Shares"). The Earn-Out Shares are payable if the price of our Common Stock is greater than or equal to $20.00 for a period of at least 20 out of 30 consecutive trading days at any time between the 13- and 24-month anniversary of the closing date of the SPAC Merger (the "Triggering Event"). Any Earn-Out Shares issuable to an Earn-Out Service Provider (the "Service Provider Earn-Outs") shall be issued only if such individual continues to provide services (whether as an employee or director) through the date of occurrence of the corresponding Triggering Event (or a change in control acceleration event, if applicable) that causes such Earn-Out Shares to become issuable. Any Earn-Out Shares that are forfeited pursuant to the preceding sentence shall be reallocated to the SomaLogic Operating shareholders in accordance with their respective pro rata Earn-Out Shares.

The Earn-Out Shares granted to shareholders are recognized as a liability in accordance with ASC 815. The liability was included as part of the consideration transferred in the SPAC Merger and was recorded at fair value. The earn-out liability is remeasured at the end of each reporting period, with subsequent changes in fair value recognized within change in fair value of earn-out liability in the condensed consolidated statements of operations and comprehensive loss.

As the issuance of the Service Provider Earn-Outs is contingent on services being provided, they are accounted for in accordance with ASC 718, *Compensation - Stock Compensation*. See Note 11, *Stock-based Compensation,* for additional information regarding Earn-Out Shares granted to Earn-Out Service Providers.

Revenue Recognition

We recognize revenue from sales to customers under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 provides a five-step model for recognizing revenue 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.

We recognize revenue when or as control of promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue.

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Payment terms may vary by customer, are based on customary commercial terms, and are generally less than one year. We do not adjust revenue for the effects of a significant financing component for contracts where the period between the transfer of the good or service and collection is one year or less. We expense incremental costs to obtain a contract when incurred since the amortization period of the asset that would otherwise be recognized is one year or less.

Assay Services Revenue

We generate assay services revenue primarily from the sale of SomaScan® services. SomaScan® service revenue is derived from performing the SomaScan® assay on customer samples to generate data on protein biomarkers. Revenue from SomaScan® services is recognized at the time the analysis data or report is delivered to the customer, which is when control has been transferred to the customer. SomaScan® services are sold at a fixed price per sample without any volume discounts, rebates, or refunds.

The delivery of each assay data report is a separate performance obligation. For arrangements with multiple performance obligations, the transaction price must be allocated to each performance obligation based on its relative standalone selling price. Judgment is required to determine the standalone selling price for each distinct performance obligation as there are few directly comparable products in the market and factors such as customer size are factored into the determination of selling price. We determine standalone selling prices based on amounts invoiced to customers in observable transactions.

Product Revenue

Product revenue primarily consists of equipment and kit sales to customers that assay samples in their own laboratories. Equipment is generally accounted for as a bundle with installation, qualification and training services. Revenue is recognized based on the progress made toward achieving the performance obligation utilizing input methods, including costs incurred. Revenue from kit sales is recognized upon transfer of control to the customer. Shipping and handling costs billed to customers are included in product revenue in the condensed consolidated statements of operations and comprehensive loss.

Collaboration Revenue

In July 2011, NEC Corporation (“NEC”) and SomaLogic entered into a Strategic Alliance Agreement (the “SAA”) to develop a professional software tool to enable SomaScan® customers to easily access and interpret the highly multiplexed proteomic data generated by SomaLogic’s SomaScan® assay technology in the United States. To support this development, NEC made an upfront payment of $12.0 million. This agreement includes a clause whereby if there is a material breach of the contract or change in control of SomaLogic, we may be required to pay a fee to terminate the agreement.

We determined that the SAA met the criteria set forth in ASC 808, *Collaborative Arrangements*, (“ASC 808”) because both parties were active participants and were exposed to significant risks and rewards dependent on commercial failure or success. We recorded the upfront payment as deferred revenue to be recognized over the period of performance of 15 years. The revenue was recorded in collaboration revenue in the condensed consolidated statements of operations and comprehensive loss.

In March 2020, NEC and SomaLogic mutually terminated the SAA and concurrently SomaLogic and NEC Solution Innovators, Ltd. (“NES”), a wholly owned subsidiary of NEC, entered into a new arrangement, the Joint Development & Commercialization Agreement (the “JDCA”), to develop and commercialize SomaScan® services in Japan. NES agreed to make annual payments of $2.0 million for five years, for a total of $10.0 million, in exchange for research and development activities, as described below. We determined the JDCA should be accounted for as a modification of the SAA. Therefore, the remaining SAA deferred revenue balance as of the date of the modification was included as consideration under the JDCA resulting in total consideration of $15.3 million for research and development activities. We determined that this arrangement also meets the criteria set forth in ASC 808. The JDCA contains three separate performance obligations: (i) research and development activities, (ii) assay services, and (iii) a 10-year exclusive license of our intellectual property.

(i) Research and Development Activities

We determined that NES is not a customer with respect to the research and development activities associated with the collaboration arrangement under ASC 808. We recognize revenue from these activities based on the progress made toward achieving the performance obligation utilizing input methods, including costs incurred, in collaboration revenue in the condensed consolidated statements of operations and comprehensive loss.

(ii) Assay Services

We determined that NES is a customer for the assay services performance obligation, which should be accounted for using the criteria under ASC 606. We receive a fixed fee (standalone selling price) per sample in exchange for assaying samples, which is a service performed for other customers in the ordinary course of business. This performance obligation is recognized at a point in time when the assay data report is delivered to the customer and recorded in assay services revenue in the condensed consolidated statements of operations and comprehensive loss.

(iii) License of Intellectual Property

We determined that NES is a customer for the license performance obligation, which should be accounted for using the criteria under ASC 606. We receive royalties based on NES' net sales and determined the allocation of royalties solely to this performance obligation is consistent with the objectives in ASC 606. This performance obligation was satisfied at the beginning of the license term. Subject to the sales and usage-based royalty exception, revenue is recognized in the period in which the subsequent sale or usage has occurred. Royalties are recorded in other revenue in the condensed consolidated statements of operations and comprehensive loss.

Other Revenue

Other revenue includes royalty revenue and revenue received from research grants. We recognize royalty revenue for fees paid by customers in return for a license to make, use or sell certain licensed products in certain geographic areas. These fees are equivalent to a percentage of the customer's related revenues. We recognize revenue for sales-based or usage-based royalties promised in exchange for a functional license of intellectual property when the later of the following events occurs: (i) the subsequent sale or usage occurs, or (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been satisfied. As such, revenue is recognized in the period in which the subsequent sale or usage has occurred.

In June 2008, SomaLogic and New England Biolabs, Inc. ("NEB") entered into an exclusive licensing agreement, whereby we provide a license to use certain proprietary information and know-how relating to its aptamer technology to make and use commercial products. In exchange, we receive royalties from NEB for this functional license of intellectual property. In September 2022, SomaLogic and NEB entered into a license and settlement agreement ("NEB Agreement") that terminated the existing exclusive licensing arrangement and provided for a settlement of $8.0 million of previously constrained royalties recognized for the year ended December 31, 2022. The NEB Agreement also provided a non-exclusive license arrangement for the same proprietary information and know-how under which we are guaranteed fixed minimum royalties of $15.0 million to be received over the next 3 years. We recognized revenue for the guaranteed fixed minimum royalties of $13.2 million for the year ended December 31, 2022, net of a significant financing component of $1.8 million. Any revenue above the guaranteed fixed minimum royalties is recognized in the period in which the subsequent sale or usage has occurred. We have recorded a receivable of $12.8 million as of March 31, 2023, of which $8.7 million is recorded in accounts receivable, net of current portion and $4.1 million is recorded in accounts receivable, net on the condensed consolidated balance sheets. Interest income related to the significant financing component was $0.2 million for the period ended March 31, 2023, and is included in interest income and other, net in the condensed consolidated statements of operations and comprehensive loss.

Grant revenue represents funding under cost reimbursement programs or fixed rate arrangements from government agencies and non-profit foundations for qualified research and development activities performed by SomaLogic. We recognize grant revenue when it is reasonably assured that the grant funding will be received as evidenced through the existence of a grant arrangement, amounts eligible for reimbursement are determinable and have been incurred, the applicable conditions under the grant arrangements have been met, and collectability of amounts due is reasonably assured. The classification of costs incurred related to grants is based on the nature of the activities performed by SomaLogic. Grant revenue is recognized when the related costs are incurred and recorded in other revenue in the condensed consolidated statements of operations and comprehensive loss.

Illumina Cambridge, Ltd.

On December 31, 2021, we entered into a multi-year arrangement with Illumina Cambridge, Ltd. ("Illumina Agreement") to jointly develop and commercialize co-branded kits that will combine Illumina's Next Generation Sequencing ("NGS") technology with SomaLogic's SomaScan technology. Pursuant to the agreement, we received a non-refundable upfront payment of $30.0 million on January 4, 2022. This arrangement is accounted for in accordance with ASC 606. We concluded there are two performance obligations: (1) SOMAmer reagents necessary to develop and commercialize NGS based proteomic products, inclusive of the rights to licenses, patents and training to allow for the use of such reagents and (2) an option to purchase goods post-commercialization with a material right ("Material Right"). The total transaction price is subject to a constraint since it is uncertain that commercialization will be achieved; and therefore the transaction price was determined to be $30.0 million and was allocated to each of the performance obligations identified on a relative standalone selling price basis. Revenue from the performance obligations is recognized as follows in product revenue in the condensed consolidated statements of operations and comprehensive loss:

Reagents: Revenue is recognized when control transfers to the customer (i.e., when the SOMAmer reagents are shipped). We estimated the standalone selling price ("SSP") based on observable pricing of similar performance obligations.

Material Right: Revenue is recognized when Illumina exercises its option to purchase goods post-commercialization. We estimated the SSP based on an incremental discount to be provided to the customer adjusted for the likelihood that Illumina will exercise the option.

In June 2022, Illumina issued a purchase order that changed the promises under the Illumina Agreement. The purchase order represents a contract modification that is accounted for prospectively as if it were a termination of the existing contract and the creation of a new contract.

As a result, we determined that there were three new performance obligations (total of five performance obligations): (1) equipment bundle that includes customization services, integration services, system qualification services, site initiation services and training ("Equipment Bundle"), (2) qualification kits, and (3) support services. The contract modification resulted in an increase in the transaction price of $0.5 million. The updated transaction price was allocated between the performance obligations on a relative SSP basis. We estimated the SSP based on observable pricing of similar performance obligations. Revenue from the performance obligations is recognized as follows in product revenue in the condensed consolidated statements of operations and comprehensive loss:

Equipment Bundle: Revenue is recognized based on the progress made toward achieving the performance obligation utilizing input methods, including costs incurred.

Qualification Kits: Revenue is recognized when control transfers to the customer (i.e., when the qualification kits are shipped).

Support Services: Revenue is recognized for the support services as the services are provided.

We did not recognize any revenue during the three months ended March 31, 2023 or 2022 pursuant to the Illumina Agreement for performance obligations satisfied.

Restricted Cash

Restricted cash represents cash on deposit with a financial institution as security for letters of credit outstanding for the benefit of the landlords related to operating leases and a bank guarantee with an international customer. The portion of restricted cash expected to be released within twelve months is classified as prepaid expenses and other current assets on the condensed consolidated balance sheets was $0.5 million and $4.7 million as of March 31, 2023 and December 31, 2022, respectively. Cash expected to be restricted for greater than twelve months is classified as other long-term assets on the condensed consolidated balance sheets was $0.6 million and $0.8 million as of March 31, 2023 and December 31, 2022.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the tax bases of assets and liabilities and their respective financial reporting amounts, based on enacted tax laws and statutory tax rates applicable to the periods in which these temporary differences are expected to reverse. We evaluate the need to establish or release a valuation allowance based upon expected levels of taxable income, future reversals of existing temporary differences, tax planning strategies, and recent financial operations. Valuation allowances are established to reduce deferred tax assets to the amount expected to be more likely than not realized in the future.

The effect of income tax positions is recognized only when it is more likely than not to be sustained. Interest and penalties associated with uncertain tax positions are recorded in income tax benefit (provision) in the condensed consolidated statements of operations and comprehensive loss.

Segment Information

We have one operating segment. Our chief operating decision maker (the "CODM") role is performed by our Chief Executive Officer. The CODM manages our operations on a consolidated basis for purposes of allocating resources and assessing performance. Substantially all of our operations and decision-making functions are located in the United States.

Other Significant Accounting Policies

Our significant accounting policies are described in our 2022 Form 10-K. There have been no significant changes to those policies.

Recent Accounting Pronouncements

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"). The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period and, as a result, we will not be required to adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies so long as we remain an emerging growth company.

Recently Adopted Accounting Standards

Financial Instruments — Credit Losses. In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which sets forth a "current expected credit loss" ("CECL") model that requires us to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. We adopted ASU 2016-13, as amended, on January 1, 2023 using a modified retrospective approach and recorded a cumulative effect adjustment to accumulated deficit. The adoption of ASU 2016-13 did not have a material impact on our condensed consolidated financials.

Note 3 — Revenue

The following table provides information about disaggregated revenue by product line:

	Three Months Ended March 31,	
(in thousands)	2023	2022
Assay services revenue	$ 18,419	$ 18,800
Product revenue	1,186	453
Collaboration revenue	763	763
Other revenue:		
Royalties	—	2,955
Other	11	9
Total other revenue	11	2,964
Total revenue	$ 20,379	$ 22,980

Contract Balances and Remaining Performance Obligations

Contract liabilities represent our obligation to transfer goods or services to customers from which we have received consideration. Deferred revenue is classified as current if we expects to be able to recognize the deferred amount as revenue within 12 months of the balance sheet date. Deferred revenue is recognized as or when we satisfy our performance obligations under the contract.

As of March 31, 2023 and December 31, 2022, deferred revenue of $35.4 million and $35.1 million, respectively, was comprised of balances related to our collaboration revenue, product, assay services, and other revenue. As of March 31, 2023 and December 31, 2022, the portion of deferred revenue related to collaboration revenue was $2.1 million and $2.9 million, respectively. As of March 31, 2023, the estimated remaining performance period is 2.0 years. As of March 31, 2023 and December 31, 2022, the portion of deferred revenue related to assay services and other revenue was $2.9 million and $1.8 million, respectively. As of March 31, 2023, the deferred revenue related to assay services and other revenue will be recognized within 12 months.

As of March 31, 2023 and December 31, 2022, the deferred product revenue related to the Illumina Agreement amounted to $30.4 million for each period. As of March 31, 2023, the estimated remaining performance obligation period is approximately 8.0 years.

A summary of the change in contract liabilities is as follows:

(in thousands)	March 31, 2023	December 31, 2022
Balance at beginning of period	$ 35,115	$ 5,385
Recognition of revenue included in balance at beginning of period	(1,228)	(2,772)
Revenue deferred during the period, net of revenue recognized	1,487	32,502
Balance at end of period	$ 35,374	$ 35,115

Note 4 — Business Combinations

On July 25, 2022, we entered into an Agreement and Plan of Merger to acquire 100% of the equity interests in Palamedrix, Inc. ("Palamedrix") (the “Palamedrix Acquisition”). Palamedrix is a DNA nano tech firm that provides scientific and engineering expertise, miniaturization technology and enhanced ease-of-use capabilities that we intend to leverage as we develop the next generation of SomaScan® Assay. The Palamedrix Acquisition provides for up to $0.5 million to be paid to the founders contingent upon settlement of pre-acquisition legal matters. It also provides for three potential additional payments of up to $17.5 million to the owners, including non-founder and founder employees, to be settled in cash and/or Common Stock contingent on the achievement of certain net sales milestone targets by the fifth and sixth year anniversary of the closing date of the acquisition (the “Milestone Consideration”). The acquisition closed on August 31, 2022.

The following table summarizes the fair value of consideration transferred to acquire Palamedrix:

(in thousands)		
Cash	$	15,778
Common Stock		11,832
Contingent consideration		1,448
Fair value of replaced Palamedrix equity awards relating to pre-combination service		625
Total consideration transferred	$	29,683

Consideration transferred includes 3,215,295 shares of Common Stock issued to Palamedrix securityholders. An additional 815,177 shares of Common Stock were issued to Palamedrix employees and founders that were accounted for as post-combination compensation expense. The fair value of Common Stock is based on a per share price of $3.68 on August 31, 2022, the acquisition date.

We are in the process of completing our purchase accounting, whereby the purchase price is allocated to the identifiable assets acquired and liabilities assumed based upon their estimated fair values on the acquisition date. The purchase accounting is considered preliminary and is subject to revision based on final determinations of fair value and allocations of purchase price to the acquired identifiable assets acquired and liabilities assumed.

The following table represents the preliminary allocation of consideration transferred to the identifiable assets acquired and the liabilities assumed based on the fair values as of August 31, 2022:

(in thousands)		
Cash and cash equivalents	$	2,521
Prepaid expenses and other current assets		251
Property and equipment		1,246
Intangible assets		16,700
Other long-term assets		1,289
Accounts payable		(68)
Accrued liabilities		(81)
Other current liabilities		(634)
Deferred income taxes, net		(1,390)
Other long-term liabilities		(550)
Net identifiable assets acquired	$	19,284
Goodwill		10,399
Total consideration transferred	$	29,683

The goodwill is generated from operational synergies and cost savings that we expect to achieve from the combined operations and Palamedrix’s knowledgeable and experienced assembled workforce. The goodwill is not deductible for tax purposes.

All unvested awards of non-founder employees were accelerated on a discretionary basis as part of the Palamedrix Acquisition. These awards were exchanged at the close date for cash, Common Stock, and Milestone Consideration. As a result, we allocated $1.3 million of the total consideration transferred to post-combination compensation expense. The amount is recorded in selling, general and administrative in the condensed consolidated statement of operations and comprehensive loss during the year ended December 31, 2022.

In addition, the unvested awards of the Palamedrix founders were exchanged for cash, Common Stock, and Milestone Consideration on a consistent basis with all other shareholders. However, the Common Stock and Milestone Consideration replacement awards granted to the Palamedrix founders require continuing employment for a period of three years. The Common Stock awards vest ratably over the service period and are equity classified. The Milestone Consideration awards vest after a three year service period or upon the achievement of the milestones.

The Milestone Consideration replacement awards of non-founder and founder employees are accounted for under ASC 718. As the milestone payments are a fixed monetary value settled in cash and/or Common Stock, they are liability classified. A liability of $1.5 million as of March 31, 2023 is recorded in other long-term liabilities on the condensed consolidated balance sheets.

Note 5 — Fair Value Measurements

Assets measured at fair value on a recurring basis

The following tables set forth our financial assets measured at fair value on a recurring basis and the level of inputs used in such measurements:

As of March 31, 2023 *(in thousands)*	**Amortized Cost**	**Gross Unrealized Gain**	**Gross Unrealized Loss**	**Aggregate Fair Value**	**Fair Value Level**
Cash and cash equivalents:					
Cash	$ 22,317	$ —	$ —	$ 22,317	Level 1
Money market funds	416,192	—	—	416,192	Level 1
Total cash and cash equivalents	438,509	—	—	438,509	
Investments:					
Commercial paper	42,524	2	(74)	42,452	Level 2
U.S. Treasuries	7,749	—	(23)	7,726	Level 2
Corporate bonds	4,475	—	(12)	4,463	Level 2
Agency bonds	7,458	—	(38)	7,420	Level 2
Total investments	62,206	2	(147)	62,061	
Total assets measured at fair value on a recurring basis	$ 500,715	$ 2	$ (147)	$ 500,570	

As of December 31, 2022 *(in thousands)*	**Amortized Cost**	**Gross Unrealized Gain**	**Gross Unrealized Loss**	**Aggregate Fair Value**	**Fair Value Level**
Cash and cash equivalents:					
Cash	$ 44,045	$ —	$ —	$ 44,045	Level 1
Money market funds	377,785	—	—	377,785	Level 1
Total cash and cash equivalents	421,830	—	—	421,830	
Investments:					
Commercial paper	58,794	—	(195)	58,599	Level 2
U.S. Treasuries	35,252	—	(175)	35,077	Level 2
Corporate bonds	11,782	—	(39)	11,743	Level 2
Agency bonds	12,426	—	(87)	12,339	Level 2
Total investments	118,254	—	(496)	117,758	
Total assets measured at fair value on a recurring basis	$ 540,084	$ —	$ (496)	$ 539,588	

As of March 31, 2023 and December 31, 2022, we had $0.3 million and $0.5 million, respectively, of accrued interest on investments recorded in prepaid expenses and other current assets on the unaudited condensed consolidated balance sheets.

Our investments consist of money market funds, commercial paper, U.S. Treasuries, corporate bonds, and agency bonds. All of the commercial paper, U.S. Treasuries, corporate bonds and agency bonds are designated as available-for-sale securities and have an effective maturity date that is less than one year from the respective balance sheet date, and accordingly, have been classified as current in the condensed consolidated balance sheets.

We classify our investments in money market funds within Level 1 of the fair value hierarchy because they are valued using quoted market prices. We classify our commercial paper, U.S Treasuries, asset-backed securities, corporate bonds and agency bonds as Level 2 and obtain the fair value from a third-party pricing service, which may use quoted market prices for identical or comparable instruments or model-driven valuations using observable market data or inputs corroborated by observable market data.

We adopted ASU 2016-13 on January 1, 2023. Under the new guidance, we evaluated our available-for-sale securities with unrealized losses for impairment, considering available evidence, including the extent to which fair value is less than cost, whether an allowance for expected credit loss is required, and adverse factors that could affect the value of the securities. Any unrealized losses from declines in fair value below the amortized cost basis as a result of non-credit factors are recognized in accumulated other comprehensive loss as a separate component of stockholders' equity, along with unrealized gains. Realized gains and losses and declines in fair value, if any, on available-for-sale securities are included in interest and other income, net in the condensed consolidated statements of operations and comprehensive loss.

We evaluated the available-for-sale securities as of March 31, 2023 and determined that no available-for-sale securities in an unrealized loss position are arising from credit related reasons. Additionally, we do not intend to sell or believe that it is not more likely than not that we will be required to sell the securities before recovery of the amortized cost bases and have therefore not recorded any allowances for available-for-sale securities in our allowance for expected credit losses as of March 31, 2023. We did not recognize any realized gains or losses for the three months ended March 31, 2023. Subsequent to March 31, 2023, we sold $10.5 million of investments prior to maturity. The realized loss was immaterial.

We evaluated our securities for other-than-temporary impairment as of December 31, 2022, and considered the decline in fair value to be primarily attributable to current economic and market conditions and we would not be required to sell the securities before recovery of the amortized cost basis. Based on this analysis, these marketable securities were not considered to be other-than-temporarily impaired as of December 31, 2022.

Liabilities measured at fair value on a recurring basis

The following table presents information about our liabilities that are measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation inputs we utilized to determine such fair value:

(in thousands)	March 31, 2023	December 31, 2022	Fair Value Level
Warrant liability - public warrants	$ 1,656	$ 2,208	Level 1
Warrant liability - private placement warrants	1,504	2,005	Level 2
Earn-out liability	—	15	Level 3
Milestone contingent consideration	1,171	1,165	Level 3
Holdback contingent consideration	450	450	Level 3
Total liabilities measured at fair value on a recurring basis	$ 4,781	$ 5,843	

Warrant liabilities

The public warrants were valued using Level 1 inputs as they are traded in an active market. The fair value of the private placement warrants is equivalent to that of the public warrants as they have substantially the same terms; however, as they are not actively traded, they are classified as Level 2 in the hierarchy table above.

Earn-out liability

The fair value of the Earn-Out Shares was estimated using a Monte Carlo simulation model. The fair value is based on the simulated price of the Company over the maturity date of the contingent consideration and increased by estimated forfeitures of Earn-Out Shares issued to Earn-Out Service Providers. During the three months ended March 31, 2023, the earn-out liability was determined to be immaterial and was fully written off.

The significant unobservable inputs used in the Monte Carlo simulation to measure the Earn-Out Shares that are categorized within Level 3 of the fair value hierarchy were as follows:

	December 31, 2022
Stock price on valuation date	$ 2.51
Volatility	78.10 %
Risk-free rate	4.75 %
Dividend yield	— %

The rollforward of the fair value of the earn-out liability is summarized as follows:

(in thousands)	Fair Value
Balance as of December 31, 2022	$ 15
Change in fair value of earn-out liability	(15)
Balance as of March 31, 2023	$ —

Milestone Contingent Consideration

The fair value of milestone contingent consideration was estimated using a Monte Carlo simulation model. The fair value is based on an option pricing framework, whereby a range of possible scenarios were simulated around forecasted net sales.

The significant unobservable inputs used in the Monte Carlo simulation to measure the milestone contingent consideration that are categorized within Level 3 of the fair value hierarchy were as follows:

	March 31, 2023	December 31, 2022
Volatility	35.0 %	35.0 %
Risk-free rate	3.6 %	4.0 %
Weighted average cost of capital	30.0 %	30.0 %
Cost of debt	10.8 %	10.0 %

The change in the fair value of the milestone contingent consideration is summarized as follows:

(in thousands)	Fair Value
Balance as of December 31, 2022	$ 1,165
Change in fair value of milestone contingent consideration	6
Balance as of March 31, 2023	$ 1,171

Holdback Contingent Consideration

The holdback contingent consideration related to the Palamedrix Acquisition was $0.5 million as of March 31, 2023 and is recorded in other long-term liabilities on the condensed consolidated balance sheets. There was no significant change in fair value between December 31, 2022 and March 31, 2023. The fair value of holdback contingent consideration was estimated using a scenario-based analysis. The fair value is based on the expected holdback release date and expected holdback payment. The future expected payments were discounted to the valuation date using the cost of debt.

The significant unobservable inputs used in the scenario-based analysis to measure the holdback contingent consideration that are categorized within Level 3 of the fair value hierarchy were as follows:

	March 31, 2023	December 31, 2022
Cost of debt	11.5 %	10.2 %

Note 6 — Leases

We have operating leases for certain office spaces with lease terms ranging from two to five years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at our election to renew or extend the leases for additional periods ranging from three to ten years. These optional periods have not been considered in the determination of the ROU assets or lease liabilities associated with these leases as we did not consider the exercise of these options to be reasonably certain. The ROU asset is included in other long-term assets on the condensed consolidated balance sheets and was $3.4 million and $3.9 million as of March 31, 2023, and December 31, 2022, respectively.

Lease Costs

Lease costs for operating leases are recognized on a straight-line basis over the lease term. The total lease cost for the period was as follows:

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating lease cost	$ 591	$ 401
Variable lease cost	378	181
Short-term lease cost	12	11
Total lease cost	$ 981	$ 593

Lease Maturities

The table below reconciles the undiscounted lease payment maturities to the lease liabilities for our operating leases:

(in thousands)	March 31, 2023
Remainder of 2023	$ 1,923
2024	1,143
2025	834
2026	143
Total	4,043
Less: amount of lease payments representing interest	(115)
Present value of future minimum lease payments	3,928
Less: current operating lease liabilities (included in other current liabilities)	(2,221)
Long-term operating lease liabilities (included in other long-term liabilities)	$ 1,707

Supplemental Lease Information

Supplemental information related to our operating leases was as follows:

	March 31, 2023
Weighted average remaining lease term	2.1 years
Weighted average discount rate	2.5 %

Cash paid for amounts included in the measurement of our operating lease liabilities for the three months ended March 31, 2023 and 2022 was $0.6 million and $0.5 million, respectively.

In February 2022, we executed two separate lease agreements (the “Leases”) to lease buildings pending construction that had not yet commenced. Both leases were set to expire on November 30, 2033, unless extended or early terminated in accordance with the terms of the lease. In accordance with the lease agreements, we made a deposit of $4.1 million during the first quarter of 2022. The deposit was restricted from withdrawal and held by a bank in the form of collateral for an irrevocable standby letter of credit held as security.

On August 25, 2022, we entered into a lease termination agreement (the “Lease Termination”) for the Leases prior to lease commencement. As consideration for the termination of the Leases, we agreed to pay the landlord a termination fee of $6.0 million of which $2.5 million was paid on the termination date. During the fourth quarter of 2022 the remaining liability was reduced by $1.0 million after the landlord entered into a separate lease with a third party. The remaining $2.5 million liability was paid in January 2023 and the $4.1 million deposit was released in March 2023.

Note 7 — Inventory

Inventory was comprised of the following:

(in thousands)	March 31, 2023	December 31, 2022
Raw materials	$ 19,753	$ 16,710
Work in process	1,535	1,191
Finished goods	748	639
Total inventory	$ 22,036	$ 18,540
Inventory (current)	$ 15,051	$ 13,897
Non-current inventory	$ 6,985	$ 4,643

Note 8 — Accrued Liabilities and Other Long-Term Liabilities

Accrued liabilities consisted of the following:

(in thousands)	March 31, 2023	December 31, 2022
Accrued compensation	$ 6,623	$ 13,897
Accrued restructuring costs	2,139	2,223
Accrued lease termination fee	—	2,500
Accrued real estate agent commission	—	764
Accrued medical claims	684	663
Other	625	631
Total accrued liabilities	$ 10,071	$ 20,678

Other long-term liabilities consisted of the following:

(in thousands)	March 31, 2023	December 31, 2022
Long-term operating lease liabilities	$ 1,707	$ 2,063
Milestone Consideration replacement award liability	1,515	1,261
Milestone Contingent Consideration	1,171	1,165
Holdback Contingent Consideration	450	450
Long-term deferred tax liability	585	585
Total other long-term liabilities	$ 5,428	$ 5,524

Note 9 — Commitments and Contingencies

Legal Proceedings

We are subject to claims and assessments from time to time in the ordinary course of business. We will accrue a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. We are not currently party to any material legal proceedings in which a potential loss is probable or reasonably estimable.

Indemnification

In the normal course of business, we enter into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. Our exposure under these agreements is unknown because it involves claims that may be made against us in the future, but that have not yet been made. To date, we have not paid any claims or been required to defend any action related to our indemnification obligations. However, we may record charges in the future as a result of these indemnification obligations.

Note 10 — Stockholders' Equity

Under our amended and restated certificate of incorporation, we are authorized to issue 600,000,000 shares of Common Stock, par value of $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share.

As of March 31, 2023, there were an aggregate of 5,519,991 and 5,013,333 outstanding public warrants and private placement warrants, respectively. Each warrant entitles the holder to purchase one share of our Common Stock at a price of $11.50 per share at any time commencing on February 25, 2022. As of March 31, 2023, no warrants have been exercised. The warrants will expire on September 1, 2026 or earlier upon redemption or liquidation.

There have been no significant changes to the disclosures in our 2022 Form 10-K related to Common Stock, preferred stock, or our public and private placement warrants, including warrant redemption terms.

Note 11 — Stock-based Compensation

Stock-based compensation includes grants of equity incentive awards in the form of stock options and other stock-based awards as well as the issuance of Earn-Out Shares to service providers in connection with the SPAC Merger, issuance of common stock subject to vesting conditions issued to Palamedrix founder employees, and Milestone Consideration replacement awards of non-founder and founder employees. Stock-based compensation also includes the impact of common stock purchased through our employee stock purchase plan, which allows eligible employees to purchase shares of our Common Stock at a price equal to 85% of their fair market value on the last day of a defined offering period.

Effective January 2023, we increased the reserve of Common Stock for issuance under all incentive plans by approximately 9 million shares in accordance with our 2021 Omnibus Incentive Plan.

There have been no other significant changes to our equity incentive plans and types of stock-based incentive awards disclosed in our 2022 Form 10-K.

Stock-based compensation was recorded in the condensed consolidated statements of operations and comprehensive loss as shown in the following table:

	Three months ended March 31,	
(in thousands)	**2023**	**2022**
Cost of assay services revenue	$ 190	$ 291
Cost of product revenue	10	7
Research and development	1,770	1,732
Selling, general and administrative	5,213	6,641
Total stock-based compensation	$ 7,183	$ 8,671

Stock-based compensation will fluctuate based on the grant-date fair value of awards, the number of awards, the requisite service period of the awards, modification of awards, employee forfeitures and the timing of the awards. Expense related to each stock option and restricted stock unit ("RSU") award is recognized on a straight-line basis over the requisite service period of the entire award.

The following table summarizes our award activity for stock options and RSUs for the three months ended March 31, 2023:

	Stock Options[(1)]	**RSUs[(2)]**
Outstanding as of December 31, 2022	23,541,194	3,084,379
Granted	3,566,250	535,438
Exercised or Issued	(111,396)	(185,863)
Forfeited	(2,000,267)	(407,240)
Expired	(62,857)	—
Outstanding as of March 31, 2023	24,932,924	3,026,714

(1) The stock options generally vest over four years, with 25% vesting upon the first-year anniversary of the grant date and the remaining options vesting ratably each month thereafter.

(2) The RSUs vest subject to the satisfaction of service requirements. The grant date fair values of these awards are determined based on the closing price of our Common Stock on the date of grant.

We also incurred incremental stock-based compensation expense related to option modifications of $1.0 million and $0.1 million for the three months ended March 31, 2023 and March 31, 2022, respectively.

Service Provider Earn-Out Shares

As of March 31, 2023, 927,924 Service Provider Earn-Outs were outstanding after forfeitures. Upon forfeiture, the forfeited shares will be redistributed to the Old SomaLogic stockholders. The weighted average grant date fair value of the Service Provider Earn-Outs was $7.04 per share, and was recognized as stock-based compensation expense on a straight-line basis over the derived service period of 1.2 years. The assumptions used in valuing the Service Provider

Earn-Outs using the Monte Carlo simulation included volatility of 89.8%, risk-free interest rate of 0.10% to 0.11%, and a stock price of $10.63 to $10.67. We recorded nil and $1.8 million in stock-based compensation expense related to the Service Provider Earn-Outs during the three months ended March 31, 2023 and 2022, respectively. As the derived service period has passed, expenses related to the Service Provider Earn-Outs were fully recognized as of December 31, 2022.

Replacement Awards Subject to Vesting Conditions

In connection with the Palamedrix Acquisition, we issued 1,209,801 shares of Common Stock and Milestone Consideration to founder employees that require continuing employment for a period of three years. Related stock-based compensation expense of $0.5 million was recorded in research and development expense in the condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2023.

Note 12 — Income Taxes

There has historically been no federal or state provision for income taxes because we have incurred operating losses and maintain a valuation allowance against our net realizable deferred tax assets in the United States. For the three months ended March 31, 2023 and 2022, we recognized no provision for income taxes in the United States. The provision for foreign income taxes was immaterial for the three months ended March 31, 2023 and 2022.

Utilization of our net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such an annual limitation could result in the expiration or elimination of the net operating loss and tax credit carryforwards before utilization. Management believes that the limitation will not limit utilization of the carryforwards prior to their expiration.

Note 13 — Net Loss Per Share

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

	Three Months Ended March 31,	
(in thousands, except share and per share data)	**2023**	**2022**
Net loss	$ (34,202)	$ (3,979)
Weighted-average shares outstanding, basic and diluted	186,524,473	182,050,468
Net loss per share, basic and diluted	$ (0.18)	$ (0.02)

During periods in which we incur a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of all awards is anti-dilutive. The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share for the periods presented because including them would have been anti-dilutive:

	Three Months Ended March 31,	
	2023	**2022**
Anti-dilutive shares:		
Stock options to purchase common stock	24,932,924	23,139,522
Public warrants and private placement warrants	10,533,324	10,533,324
Unvested RSUs	3,026,714	553,193
Replacement awards subject to vesting conditions	1,209,801	—
Employee stock purchase plan	79,103	11,304
Total anti-dilutive shares	39,781,866	34,237,343

Note 14 — Related Parties

Casdin Partners Master Fund, L.P (“Casdin”), founded by Eli Casdin, a member of our Board of Directors and principal owner of the Company, was a shareholder of Palamedrix. Upon our acquisition of Palamedrix, Casdin received $0.8 million in cash, $0.8 million in equity, and the right to receive up to $0.3 million of Milestone Consideration related to the achievement of net sales milestones.

Note 15 — Restructuring

On December 16, 2022, following the completion of a strategic review of our business, we announced a workforce reduction plan (the "Strategic Reorganization") to reduce operating costs and focus on long-term growth opportunities in our life sciences business. Under this Strategic Reorganization, we reduced our workforce by approximately 16%, with a majority of these employees separating in December and the remaining affected employees separating over the next three-month period. Employees who were impacted by the restructuring were eligible to receive severance benefits contingent upon an impacted employee's execution of a separation agreement, which included a general release of claims against us. Certain impacted employees were covered by employment agreements or an existing severance plan that provides termination benefits.

Employee severance and benefits are comprised of severance, other termination benefit costs, and non-cash stock-based compensation expense for the extension of the exercise period of vested options. One-time termination benefits were recorded pursuant to ASC 420, *Exit or Disposal Cost Obligations,* while termination benefits under ongoing benefit arrangements were recorded pursuant to ASC 712, *Compensation - Nonretirement Postemployment Benefits.* See Note 11, *Stock-based Compensation*, for additional information about benefits related to the extension of the exercise period of vested options.

We recognized restructuring charges of approximately $1.0 million primarily related to one-time termination benefits during the three months ended March 31, 2023. We do not expect to incur additional material employee severance and benefits expense. This reflects our best estimate, which may be revised in subsequent periods as the Strategic Reorganization progresses.

The following table outlines the components of the restructuring charges included in the condensed consolidated statement of operations and comprehensive loss:

(in thousands)		Three Months Ended March 31, 2023
Cost of assay services revenue	$	19
Research and development		243
Selling, general and administrative		779
Total employee severance and benefits	$	1,041

The following table outlines the changes in liabilities associated with our Strategic Reorganization, including restructuring expenses incurred and cash payments for the three months ended March 31, 2023:

(in thousands)		March 31, 2023
Balance at December 31, 2022	$	2,223
Accruals		1,016
Payments		(1,100)
Balance at March 31, 2023	$	2,139

The restructuring liabilities are included in accrued liabilities in the condensed consolidated balance sheets. We expect that substantially all of the remaining accrued restructuring liabilities will be paid in cash over the next 12 months. The charges recognized in the rollforward of our accrued restructuring liabilities do not include items charged directly to expense for extension of the exercise period of vested options.

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

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements, and the related notes thereto, presented in this Quarterly Report on Form 10-Q as well as our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Form 10-K”). The following discussion and analysis contains forward-looking statements based upon our current expectations, estimates and projections that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements due to, among other considerations, the matters discussed under Cautionary Note Regarding Forward-Looking Statements included elsewhere in this Quarterly Report on Form 10-Q. Unless the context otherwise requires, all references in this section to the “Company,” “we,” “us” or “our” refer to the business of SomaLogic prior to the consummation of the SPAC Merger, and to the Company and its consolidated subsidiaries following the consummation of the SPAC Merger.

SomaLogic, Inc. and our Predecessor

SomaLogic was originally formed as a special purpose acquisition company under the name CM Life Sciences II Inc. for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses. Prior to the SPAC Merger, it did not have historical financial operating results. SomaLogic Operating, our accounting predecessor, is a leading commercial-stage proteomics company. In connection with the SPAC Merger, SomaLogic Operating became a wholly owned subsidiary of SomaLogic.

Business Overview

SomaLogic is a leading commercial-stage proteomics company. We have built an integrated proteomics platform capable of robust, high throughput proteomics analysis with broad proteome coverage, low limits of detection, high reproducibility and at low costs. We designed our platform with the goal of being a universal proteomics platform, with the breadth (number of proteins measured) and precision (accuracy of measurement) important for discovery and research applications, and both the reproducibility and robustness important for clinical applications. We currently run our platform within our own laboratory, receive samples from customers and provide them proteomics analysis services. We are also developing an integrated solution comprising kits and select equipment that would enable customers to perform our proteomics assay at their own sites and leverage our bioinformatics capabilities to analyze the data.

On August 31, 2022, we completed the acquisition of Palamedrix, Inc. Palamedrix is a DNA nano tech firm that provides deep scientific and engineering expertise, miniaturization technology and enhanced ease-of-use capabilities that we intend to leverage as it develops the next generation of SomaScan® Assay. The acquisition expands the development of our portfolio of services, while enhancing our research capabilities, and providing an immediate footprint in the San Diego area with already-established staff, lab, and strong local talent pool.

Effects of Inflation

Inflation has impacted our results of operations for the three-month period ended March 31, 2023, and our business could continue to be affected by inflation in the future.

Factors Affecting Our Performance

The following factors have been important to our business and we expect them to impact our results of operations and financial condition in future periods:

- Continued adoption of our services and products:
  - We have a well-established base of marquee customer and Key Opinion Leader (“KOL”) relationships in place, and as we grow further, we expect to win contracts with new customers and expand the scope of existing contracts with existing customers.
  - We plan to develop and grow our offering of reagents and corresponding solutions, including both small and large plex capabilities, site-of-service deployed assay options, and bioinformatics offerings to attract additional customers and cross-sell to existing customers.
  - We continue to focus on growing our proteomics database and artificial intelligence and machine learning analytics to drive value and market opportunities.
  - We expect our total revenue may vary from period to period based on, among other things, the timing and size of new contracts, fluctuations in customer consumption of and adoption trends, ramp time and productivity of our salesforce, the impact of significant transactions, and seasonality. Failure to effectively develop and expand our sales and marketing capabilities or improve the productivity of our sales and marketing organization could harm our ability to expand our potential customer and sales pipeline, increase our customer base, and achieve broader market acceptance of our offering.
- Continued investment in growth:
  - We continue to invest significantly in our laboratory process and commercial infrastructure.
  - Investments in research and development will include hiring of employees with the necessary scientific and technical backgrounds to enable enhancements to our existing services and products and bring new services and products to market.
- Ability to lower the costs associated with performing the assay:
  - We intend to reduce the cost of manufacturing inventory by, in part, modifying our assays and laboratory processes to use materials and technologies that provide equal or greater quality at lower cost, improving how we manage our materials and negotiating favorable terms for our materials purchases.
  - We intend to reduce the cost of performing our SomaScan® assay as we move to either a less expensive array or Next Generation Sequencing system for our DNA readout of the protein concentrations present in a sample.
- Seasonality:

- ◦ Our revenue can be seasonal dependent upon the procurement and budgeting cycles of many of our customers, especially government- or grant-funded customers, whose cycles often coincide with government fiscal year ends.

- Expansion of our proteomic content:
  - ◦ To maintain our competitive advantage, we plan to increase the number of protein reagents for commercial availability based on allocated funding, resource availability, and the successful validation of new reagents.
- Macroeconomic conditions:
  - ◦ A deterioration in macroeconomic economic conditions including risk of recession, decreased government funding, effects of inflation, labor shortages, supply chain issues and higher interest rates could impact both our and our customers' operations. We could experience pricing pressure and decreased demand as a result.

Components of Results of Operations

Revenue

We derive our revenue from four primary sources: (1) assay services revenue, (2) product revenue, (3) collaboration revenue, and (4) other revenue. Customers include top biopharmaceutical companies and leading academic research universities.

Assay services revenue

We generate assay services revenue primarily from the sale of SomaScan® services. SomaScan® service revenue is derived from performing the SomaScan® assay on customer samples to generate data on protein biomarkers. We expect assay services revenue to increase over the long-term with new and recurring sales opportunities. With the enhancement of our proteomic services, we expect to capture more market opportunities outside of the United States region, as well as winning contracts with new customers and expanding the scope of sales with existing customers.

Product revenue

Product revenue primarily consists of equipment and kit sales, which enable our customers to bring the SomaScan® proteomic platform in-house and to build lines of business based on this technology. The establishment of SomaScan® Certified Sites will allow SomaLogic to quickly grow into new geographic regions and expand our customer base.

Collaboration revenue

Collaboration revenue consists of fees earned for research and development services, except for grant revenue research and development services that are classified in other revenue. Collaboration revenue currently relates to an arrangement with one customer, NEC Solution Innovators, Ltd. ("NES"), a wholly owned subsidiary of NEC Corporation ("NEC"). We believe expanding collaborative arrangements with KOLs will allow for further enhancements of our integrated platform, lower barriers to adoption and introduce or expand new market channels and customers within geographic regions and markets we do not currently operate in.

Other revenue

Other revenue includes royalty revenue and revenue received from research grants. We recognize royalty revenue for fees paid by customers in return for a license to make, use or sell certain licensed products in certain geographic areas in the period in which the subsequent sale or usage has occurred. A license arrangement entered into in September 2022 with New England BioLabs ("NEB") includes guaranteed fixed minimum royalties for which revenue has been recognized, net of the effect of a significant financing component. Any revenue above the guaranteed fixed minimum royalties is recognized in the period in which the subsequent sale or usage has occurred. Grant revenue represents funding under cost reimbursement programs from government agencies, and non-profit foundations for qualified research and development activities we perform. We expect other revenue to continue to grow as we expand our commercial team and continue to pursue additional licensing relationships.

Cost of revenue

Cost of assay services revenue

Cost of assay services revenue consists of raw materials and production costs, salaries and other personnel costs, overhead and other direct costs related to assay services revenue. It also includes costs for production variances, such as yield losses, material usages, spending and capacity variances. Cost of assay services revenue is recognized in the period the related revenue is recognized.

We expect cost of assay services revenue to increase as we grow our sample volume. We expect the cost per sample to decrease over the long term due to the efficiencies we may gain as sample volume increases from improved utilization of our laboratory capacity and other value engineering initiatives. If our sample volume throughput is reduced cost of revenue as a percentage of total revenue may be adversely impacted due to fixed overhead cost.

Cost of product revenue

Cost of product revenue consists primarily of raw materials, equipment and production costs, salaries and other personnel costs, overhead and other direct costs related to product revenue. Cost of product revenue is recognized in the period the related revenue is recognized. Shipping and handling costs incurred for product shipments are included in cost of product revenue in the condensed consolidated statements of operations and comprehensive loss.

Research and development

Research and development expenses consist primarily of salaries and benefits, laboratory supplies, clinical study costs, consulting fees and related costs. We believe that our continued investment in research and development is essential to our long-term competitive position. We plan to continue to invest significantly in our research and development efforts, including hiring additional employees, with an expected focus on advancing our assay and our bioinformatics platform, new clinical studies, as well as lowering the cost of assays. As a result of these and other initiatives, we expect research and development expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Selling, general and administrative

Selling expenses consist primarily of personnel and marketing related costs. General and administrative expenses consist primarily of personnel costs for our finance, human resources, business development and general management, as well as professional services, such as legal and accounting services.

As we continue to introduce new services and products, broaden our customer base and grow our business, we expect selling, general and administrative expenses to increase in future periods as the number of sales and marketing and administrative personnel grows. We also anticipate incurring increased accounting, audit, legal, regulatory, compliance, director and officer insurance costs, as well as, investor and public relations expenses associated with operating as a public company.

Interest income and other, net

Interest income and other, net primarily consists of interest earned on our cash equivalents and investments, which are invested in money market funds, commercial paper, U.S Treasuries, asset-backed securities, corporate bonds, and agency bonds. Interest income and other, net also includes interest income recognized related to a significant financing component.

Change in fair value of warrant liabilities

Change in fair value of warrant liabilities consists of changes in fair value related to the Public Warrant and Private Warrant liabilities. The warrant liabilities are classified as marked-to-market liabilities pursuant to ASC 815, *Derivatives and Hedging*, and the corresponding increase or decrease in value impacts our net loss.

Change in fair value of earn-out liability

Change in fair value of earn-out liability consists of changes in the earn-out liability related to Earn-Out Shares issued as part of the SPAC Merger. The earn-out liability is classified as a marked-to-market liability pursuant to ASC 815 and the corresponding increase or decrease in value impacts our net loss.

Results of Operations

Comparison of the three months ended March 31, 2023 versus the three months ended March 31, 2022

Revenue

	Three Months Ended March 31,		Change	
(in thousands)	2023	2022	$	%
Assay services revenue	$ 18,419	$ 18,800	$ (381)	(2)%
Product revenue	1,186	453	733	162 %
Collaboration revenue	763	763	—	— %
Other revenue	11	2,964	(2,953)	(100)%
Total revenue	$ 20,379	$ 22,980	$ (2,601)	(11)%

Total revenue decreased by $2.6 million, or 11%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

The $0.4 million decrease in assay services revenue for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was due to a decrease in average selling price driven by customer mix, offset by an increase in sample volumes resulting from fluctuations in customer consumption.

Product revenue increased by $0.7 million, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 primarily due to an increase in the volume of kit sales.

Other revenue decreased by $3.0 million, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 primarily due to a decrease in royalty revenue recognized as we entered into a new agreement with NEB in September 2022 which resulted in recognition of the guaranteed fixed minimum royalties to be received over the term of the agreement during the third quarter of 2022.

Cost of revenue

	Three Months Ended March 31,		Change	
(in thousands)	2023	2022	$	%
Cost of assay services revenue	$ 11,682	$ 11,380	$ 302	3 %
Cost of product revenue	634	272	362	133 %
Total cost of revenue	$ 12,316	$ 11,652	$ 664	6 %

Total cost of revenue increased by $0.7 million, or 6%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

Cost of assay services revenue increased by $0.3 million, or 3%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The increase in cost of assay services revenue was primarily due to an increase in sample volumes resulting from fluctuations in customer consumption.

Cost of product revenue increased by $0.4 million, or 133%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 primarily due to an increase in the volume of kit sales.

Research and development

	Three Months Ended March 31,		Change	
(in thousands)	2023	2022	$	%
Research and development	$ 14,067	$ 13,800	$ 267	2 %

Research and development increased by $0.3 million, or 2%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The increase in research and development was primarily due to a $2.5 million increase in wages and benefits and a $0.3 million increase in stock-based compensation expense due to increased headcount, offset by of $2.1 million decrease in professional services and supplies related to projects for content expansion and cost reduction and a $0.4 million decrease in internal clinical studies.

Selling, general, and administrative

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change $	Change %
Selling, general and administrative	$ 34,189	$ 30,815	$ 3,374	11 %

Selling, general, and administrative increased by $3.4 million, or 11%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The increase in selling, general and administrative was primarily due to a $2.0 million increase in wages and benefits due to increased headcount in our commercial and administrative teams, a $1.0 million stock based compensation expense related to the accelerated vesting of options held by terminated executives, $1.0 million of severance related to the terminated executives, a $0.7 million increase in services incurred related to marketing initiatives and product development and a $0.4 million increase in advisory and management services incurred in relation to public-company compliance and other transactions. We have also incurred $0.8 million of restructuring charges during the period ended March 31, 2023. This is offset by a $2.5 million decrease in stock-based compensation expense primarily due to the full expense recognition of the Service Provider Earn-Outs as of December 31, 2022.

Other income

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change $	Change %
Other income:				
Interest income and other, net	$ 4,925	$ 209	$ 4,716	NM
Change in fair value of warrant liabilities	1,053	12,640	(11,587)	(92)%
Change in fair value of earn-out liability	15	16,462	(16,447)	(100)%
Total other income	$ 5,993	$ 29,311	$ (23,318)	(80)%

NM A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Interest income and other, net increased by $4.7 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 due to higher interest rates during the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

The change in fair value of warrant liabilities resulted in a gain of $1.1 million during the three months ended March 31, 2023, due to the quarterly remeasurement of the warrant liabilities.

The change in fair value of the earn-out liability resulted in an immaterial gain for the three months ended March 31, 2023, due to the quarterly remeasurement of the earn-out liability. The earn-out liability was fully written off as of March 31, 2023.

Income Taxes

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change $	Change %
Income tax provision	$ (2)	$ (3)	$ 1	(33)%

The income tax provisions for the three months ended March 31, 2023 and 2022 were not material.

Non-GAAP Financial Measures

We present non-GAAP financial measures in order to assist readers of our condensed consolidated financial statements in understanding the core operating results used by management to evaluate and run the business, as well as, for financial planning purposes. Our non-GAAP financial measure, Adjusted EBITDA, provides an additional tool for investors to use in comparing our financial performance over multiple periods.

Adjusted EBITDA is a key performance measure that our management uses to assess its operating performance. Adjusted EBITDA facilitates internal comparisons of our operating performance on a more consistent basis, and we use this measure for business planning, forecasting, and decision-making. We believe that Adjusted EBITDA enhances an investor’s understanding of our financial performance as it is useful in assessing our operating performance from period-to-period by excluding certain items that we believe are not representative of our core business.

Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net loss as determined in accordance with GAAP or as an indicator of our operating performance. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance. Our presentation of Adjusted EBITDA should not be construed as an inference that our results will be unaffected by those adjusted items. Our Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate this measure in the same manner.

Adjusted EBITDA

We calculate Adjusted EBITDA as net loss adjusted to exclude interest expense, net, depreciation and amortization, income tax benefit, and other non-recurring items. The other non-recurring items include the change in the fair value of warrant liabilities and the earn-out liability.

The following table is a reconciliation of net loss in accordance with GAAP to non-GAAP adjusted EBITDA for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Net loss	$ (34,202)	$ (3,979)
Adjustments to reconcile to EBITDA:		
Interest income and other, net	(4,925)	(209)
Income tax provision	2	3
Depreciation and amortization	1,754	755
EBITDA	(37,371)	(3,430)
Adjustments to reconcile to Adjusted EBITDA:		
Change in fair value of warrant liabilities [1]	(1,053)	(12,640)
Change in fair value of earn-out liability [2]	(15)	(16,462)
Stock compensation expense related to equity award modifications [3]	952	123
Restructuring charges [4]	1,041	—
Adjusted EBITDA	$ (36,446)	$ (32,409)

(1) Represents change in fair value of warrant liabilities. See Note 5, *Fair Value Measurements*, for more details.
(2) Represents change in fair value of earn-out liability. See Note 5, *Fair Value Measurements*, for more details.
(3) Represents stock-based compensation expense related to equity modifications. See Note 11, *Stock-based Compensation*, for more details.
(4) Represents restructuring charges related to the Strategic Reorganization consisting of severance, other termination benefit costs, and non-cash stock-based compensation expense. See Note 15, *Restructuring*, for more details.

Liquidity and Capital Resources

Liquidity Outlook

We believe that our existing cash and cash equivalents and investments will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our sample volume growth rate, the pace of expansion of sales and marketing activities, the timing and extent of spending to supporting research and development efforts, the introduction of new and enhanced products and services, and the level of costs to operate as a public company. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products and technologies.

Cash Sources

Historically, our primary sources of liquidity have been proceeds from the SPAC Merger, cash collected from our customers, net proceeds from sale of our capital stock, and borrowings from debt facilities. During the first three months of 2023, our primary source of liquidity was cash collected from our customers in the amount of $11.7 million.

As of March 31, 2023, we did not have any outstanding debt.

Cash Uses

Historically, our primary use of cash has been to invest in research and development, our laboratory process, commercial infrastructure and scale our operations to support growth.

We may be required to seek additional equity or debt financing. In the event we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operations, and financial condition.

We also have entered into various non-cancelable operating lease agreements for administrative and laboratory facilities. As of March 31, 2023, our total future minimum lease commitments were $4.0 million.

Cash flows

The following table summarizes our cash flows for the periods presented:

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Net cash used in operating activities	$ (43,045)	$ (5,915)
Net cash provided by investing activities	55,279	7,367
Net cash provided by financing activities	172	1,242
Effect of exchange rates on cash, cash equivalents and restricted cash	(7)	(10)
Net increase in cash, cash equivalents and restricted cash	$ 12,399	$ 2,684

Cash flows from operating activities

Cash used in operating activities for the three months ended March 31, 2023 was $43.0 million, and was primarily attributable to a net loss of $34.2 million, which included a non-cash gain on the change in fair value of warrant liabilities of $1.1 million and non-cash accretion of discount on available-for-sale securities, net, of $0.5 million. This was partially offset by non-cash stock-based compensation expense of $7.2 million and non-cash depreciation and amortization of $1.8 million. Additionally, we incurred $0.6 million in cloud computing arrangement expenditures and experienced a net decrease in our operating assets and liabilities of $15.7 million.

Cash used in operating activities for the three months ended March 31, 2022 was $5.9 million, which was primarily attributable to a net loss of $4.0 million, which included a non-cash gain on the change in fair value of the earn-out liability of $16.5 million and a non-cash gain on the change in fair value of warrant liabilities of $12.6 million. This was partially offset by non-cash stock-based compensation expense of $8.7 million, non-cash depreciation and amortization of $0.8 million, non-cash lease expense of $0.4 million, non-cash amortization of premium on available-for-sale securities, net, of $0.1 million, and non-cash provision of doubtful accounts of $0.1 million. Additionally, we incurred $1.8 million in cloud computing arrangement expenditures and experienced a net increase in our operating assets and liabilities of $18.9 million.

Cash flows from investing activities

Cash provided by investing activities for the three months ended March 31, 2023 was $55.3 million, consisting of $56.5 million for the proceeds from maturities of available-for-sale securities and $1.3 million for the purchase of property and equipment.

Cash used in investing activities for the three months ended March 31, 2022 was $7.4 million, consisting of $7.7 million for the purchase of available-for-sale securities, net of proceeds from maturities of available-for-sale securities, and $0.4 million for the purchase of property and equipment.

Cash flows from financing activities

Cash provided by financing activities for the three months ended March 31, 2023 was $0.2 million, which was attributable to the proceeds from the exercise of options to purchase our common stock.

Cash provided by financing activities for the three months ended March 31, 2022 was $1.2 million, which was attributable to the proceeds from the exercise of options to purchase our common stock

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements which have been prepared in accordance with United States generally accepted accounting principles, or GAAP. The preparation of the condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, costs, expenses and related disclosures. We evaluate our estimates and judgments on an on-going basis. We base our estimates on current facts, historical and anticipated results, trends, and other relevant assumptions that we believe are reasonable under the circumstances. Actual results could differ from these estimates, and such differences could be material to our condensed consolidated financial position and results of operations. Within the context of these critical accounting policies, we are not currently aware of any reasonably likely event that would result in materially different amounts being reported.

Our significant accounting policies are described in more detail in Note 2, *Significant Accounting Policies*, in our 2022 Form 10-K. Our most critical accounting policies and estimates are those that require difficult, subjective, and/or complex judgments and estimates and are used in the preparation of our consolidated financial statements. Our critical accounting policies and estimates are described in more detail in *Critical Accounting Policies and Estimates* in our 2022 Form 10-K. There have been no significant changes to our critical accounting policies and estimates disclosed in our 2022 Form 10-K for the year ended December 31, 2022.

Recently Issued Accounting Pronouncements

Please refer to Note 2, *Significant Accounting Policies - Recent Accounting Pronouncements*, in "Part I. Financial Information - Item 1. Financial Statements" for a discussion of recent accounting pronouncements and their anticipated effect on our business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 31, 2023. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2023, based on the material weaknesses described below. In light of these material weaknesses, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. Based on such analysis and notwithstanding the identified material weaknesses, management, including our Chief Executive Officer and Chief Financial Officer, believe the consolidated financial statements included in this Annual Report on Form 10-K fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with GAAP.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term as defined in Rules 13a-15(f)and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Our internal control over financial reporting includes policies and procedures that: (i) pertain to maintaining records that, in reasonable detail, accurately and fairly reflect our transactions; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles and that the receipts and expenditures of company assets are made in accordance with our management and directors authorization; and (iii) provide reasonable assurance regarding the prevention of or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

As of March 31, 2023, our management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control – Integrated Framework (2013)", issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment and those criteria, management determined that our internal control over financial reporting was not effective as of March 31, 2023, due to the material weaknesses described below.

Previously Identified Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The following material weaknesses were identified as a result of management's assessment:

- As discussed in our Annual Reports on Form 10-K filed for the years ended December 31, 2021 and 2020, we identified a material weakness in our internal control over financial reporting due to ineffective controls over the financial statement close process and lack of sufficient accounting and financial reporting personnel to ensure consistent application of GAAP and compliance with SEC rules and regulations.

- As discussed in our Annual Report on Form 10-K filed for the year ended December 31, 2022, we continued to identify material weaknesses related to the design and operation of controls supporting key principles related to the control activities, information and communication, and monitoring components of the COSO framework over: (i) significant nonrecurring transactions and events, (ii) inventory costing and classification, and (iii) the classification and presentation of the consolidated statement of cash flows. Specifically, management failed to design and implement certain risk assessment controls related to identifying and analyzing risks to achieve control objectives, and failed to address the impact of changes in the business on the system of internal controls

- As discussed in our Annual Report on Form 10-K filed for the year ended December 31, 2022, we identified a material weakness related to our information technology general controls. Specifically, effective controls were not maintained over user access to our Enterprise Resources (ERP) system that supports the accounting and reporting processes, causing a lack of segregation of duties in key processes.

These material weaknesses will not be considered remediated until management designs and implements effective controls that operate for a sufficient period of time and management has concluded through testing that these controls are effective. See "Remediation Plan" for details.

Remediation Plan

We are committed to the planning and implementation of remediation efforts to address control deficiencies and other identified areas of risk. In particular:

- We will enhance the design of existing controls, and where necessary, implement additional controls, over our accounting for significant nonrecurring transactions and will maintain evidence of management review controls.

- We will increase the deployment of both internal and external specialists to assist our management with the evaluation of the accounting for significant nonrecurring transactions.

- We will design and implement controls over inventory costing and classification.

- We will design and implement controls to ensure that all cash inflow and outflow activity is appropriately classified and presented within the statements of cash flow.

- We will remove unnecessary user access to our financially relevant IT systems based on job responsibilities and are in the process of reconfiguring the mapping of "roles and assigned privileges" to "duties" to ensure adequate segregation of duties is maintained within our ERP system.

- We will implement timely periodic reviews of existing user and administrator security roles and privileges.

- We will enhance the design of our information technology general controls over user access provisioning and monitoring controls to enforce appropriate system access and segregation of duties.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the first quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are party to lawsuits arising in the ordinary course of our business. We cannot predict the outcome of any such lawsuits with certainty, but management believes it is remote that pending or threatened legal matters will have a material adverse impact on our financial condition.

Due to the nature of our business, we are, from time to time, involved in other routine litigation or subject to disputes or claims related to our business activities. In the opinion of our management, none of these other pending litigation, disputes or claims against us, if decided adversely, will have a material adverse effect on our financial condition, cash flows or results of operations.

Item 1A. Risk Factors

Not required for smaller reporting companies.

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

None.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
10.1*+	Confidential Separation Agreement and General Release, dated as of March 28, 2023, by and between SomaLogic, Inc. and Roy Smythe.			
10.2*+	Amended and Restated Participation Notice to the Key Employee Severance Plan, dated as of March 28, 2023, by and between SomaLogic, Inc. and Roy Smythe.			
10.3*+††	Employment Agreement, dated October 18, 2022, between Velocity Global GmbH and Pi Zheng.			
10.4+	Employment Letter, dated March 24, 2023, between SomaLogic, Inc. and Adam Taich.	8-K	10.1	3/28/2023
10.5+	Retention Agreement, dated March 28, 2023, between SomaLogic Operating Co., Inc. and Shaun Blakeman.	8-K	10.1	4/3/2023
10.6††	Amendment No. 2 to Master Collaboration Agreement, dated as of January 4, 2023, by and between SomaLogic Operating Co., Inc. and Novartis Pharma AG.	8-K	10.1	1/10/2023
31.1*	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32.1**	Certifications by Chief Executive Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002			
32.2**	Certifications by Chief Financial Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.			
101.IN*	Inline XBRL Instance Document			
101.SCH*	Inline XBRL Schema Document			
101.CAL*	Inline XBRL Calculation Linkbase Document			
101.LAB*	Inline XBRL Label Linkbase Document			
101.PRE*	Inline XBRL Presentation Linkbase Document			
101.DEF*	Inline XBRL Taxonomy Extension Definition LinkBase Document			
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)			
*	Filed herewith.			
**	Furnished herewith			

†	Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5).
††	The Company has omitted portions of the exhibit as permitted under Regulation S-K Item 601(b)(10). The Registrant agrees to furnish on a supplemental basis an unredacted copy of this exhibit and its materiality and privacy or confidentiality analysis if requested by the SEC.
+	Management contract or compensatory plan or arrangement.

SIGNATURES

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

			SomaLogic, Inc.
Date:	May 15, 2023	By:	*/s/ Adam Taich*
			Adam Taich
			Interim Chief Executive Officer
			(Principal Executive Officer)
Date:	May 15, 2023	By:	*/s/ Shaun Blakeman*
			Shaun Blakeman
			Chief Financial Officer
			(Principal Financial and Accounting Officer)

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

This Confidential Separation Agreement and General Release ("Agreement") is entered into between Roy Smythe ("Employee") and SomaLogic, Inc. ("the Company"), collectively referred to as the "Parties." Reference is made herein to that certain Key Employee Severance Plan adopted by the Company on October 17, 2022 (the "Plan"), under which Employee is a Tier 1 participant. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Plan.

Employee's employment with the Company terminated effective March 28, 2023 (the "Separation Date"). By this Agreement, Employee and the Company desire to resolve any claims or disputes Employee may have that exist at the time this Agreement is executed by the Parties.

In consideration of all mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Employee and the Company agree:

1 Provided Employee executes this Agreement, does not thereafter revoke this Agreement, and remains in full compliance with this Agreement, in the case of a Qualifying Termination that is a Termination Without Cause or a Resignation for Good Reason that does not occur on or within twelve (12) months after a Change in Control, the Company will: (i) pay Employee the Cash Severance set forth in Section 4(a) of the Plan; and (ii) provided Employee has made a proper and timely election to continue coverage under COBRA, has not secured alternate health care coverage, and such premiums are not otherwise being paid for by another entity, provide the benefits related to Health Insurance Premiums set forth in Section 4(b) of the Plan. Payments made by the Company to Employee hereunder will be paid less any and all required and/or authorized deductions and withholdings. The Company will pay the Cash Severance amount in a single lump-sum payment with such payment to be made in connection with the Company's first normal payroll date following the expiration of the revocation period set forth in Paragraph 15(i), below. In addition, (i) outstanding and unvested compensatory equity awards granted to Employee that are subject to service-based vesting (including stock options and restricted stock unit awards) will be subject to Section 4(c)(ii) of the Plan; and (ii) all vested stock options granted to Employee shall be exercisable for a period of twenty-four (24) months following the Separation Date. Without limiting the generality of the foregoing, in the event that the Company undergoes a "Change in Control" (as that term is defined in the Plan)[1] in the six (6) month period following the Separation Date, the Company will: (i) pay Employee the following: (A) an additional six (6) months of Employee's base salary (for a total payment under this Agreement of eighteen (18) months of Employee's base salary as set forth in the Plan); (B) Employee's full incentive bonus for the Severance Period as contemplated in Section 4(a) of the Plan; (ii) provided Employee has made a proper and timely election to continue coverage under COBRA, has not secured alternate health care coverage, and such premiums are not otherwise being paid for by another entity, provide an additional six (6) months of benefits related to Health Insurance Premiums as contemplated in Section 4(b) of the Plan; and (iii) all outstanding and unvested compensatory equity awards granted to Employee that are subject to service-based vesting (including stock options and restricted stock unit awards) shall become fully vested and exercisable (if applicable) for the remainder of their full term as more fully set forth in Section 4(c)(i) of the Plan.

Employee acknowledges that the Company has made no representation about the tax consequences of the Cash Severance or any other consideration provided by the Company to Employee pursuant to this Agreement. Employee agrees to indemnify and hold the Company harmless for any and all claims, taxes, or penalties asserted against the Company relating to the Cash Severance or other consideration provided by the Company pursuant to this Agreement.

2 Employee acknowledges that Employee has received all wages, compensation, or other amounts owed to Employee, that the consideration referenced in Paragraph 1, above, is in addition to any

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[1] Notwithstanding the foregoing, a "**Change in Control Termination**" means for the purposes of this Agreement Employee's (i) Termination Without Cause or (ii) resignation for Good Reason, in either case, that occurs within six months prior to, or twelve (12) months after, a Change in Control. To the extent necessary to comply with Section 409A of the Code, "**Change in Control**" shall have the meaning set forth in the Plan, but only if such transaction is also a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets, as described in Treasury Regulations Section 1.409A-3(i)(5).

wages or other compensation owed to Employee, and that, separate from the terms of this Agreement, Employee is not otherwise entitled to the consideration referenced in Paragraph 1.

3 In consideration of the Company's agreements set forth in Paragraph 1, Employee hereby and forever releases the Company and its officers, directors, employees, managers, supervisors, agents, attorneys, insurers, investors, shareholders, administrators, parents, affiliates, divisions, subsidiaries, predecessor and successor corporations, assigns, and any other related persons or entities ("the Releasees") from, and agrees not to sue concerning, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, liquidated or contingent, that Employee may possess against any of the Releasees arising from any omissions, acts, or facts that have occurred up until and including the date on which Employee signs this Agreement including, without limitation:

(a) any and all claims arising out of or relating to Employee's employment with or separation from the Company;

(b) any and all public policy, contract, tort, or common law claims, including, but not limited to, wrongful discharge of employment, termination in violation of public policy, discrimination, harassment, retaliation, breach of contract (express and implied), breach of a covenant of good faith and fair dealing (express and implied), promissory estoppel, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, unfair business practices, defamation, libel, slander, negligence, personal injury, assault, battery, invasion of privacy, false imprisonment, and conversion;

(c) any and all claims or demands for wages, compensation or other amounts claimed to be due from the Company, including, but not limited to, claims for bonuses, commissions, stock, stock options, or any equity or ownership interest in the Company, vacation pay, personal time off, sick pay, fringe benefits, 401(k) match, expense reimbursements, or any other form of payment;

(d) any and all claims for violation of federal, state, or local constitution, law, code, ordinance, statute, or other legislative enactment, as amended, including, but not limited to, the Americans with Disabilities Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Genetic Information Nondiscrimination Act of 2008; the Civil Rights Acts of 1866 and 1871; Sections 1981 through 1988 of Title 42 of the United States Code; the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act; the Equal Pay Act; the Fair Labor Standards Act; the Family and Medical Leave Act; the National Labor Relations Act; the Occupational Safety and Health Act; the Rehabilitation Act; Executive Order 11246; the Worker Adjustment and Retraining Notification Act; the Employee Retirement Income Security Act of 1974; the Lilly Ledbetter Fair Pay Act; the Families First Coronavirus Response Act; the Colorado Anti-Discrimination Act; the Colorado Labor Peace Act; the Colorado Wage Act; the Colorado Minimum Wage Act; the Colorado HELP Rules; the Colorado Minimum Wage Order; the Colorado COMPS Order; the Colorado Pregnant Workers Fairness Act; the Colorado Public Health Emergency Whistleblower Act; the Colorado Equal Pay for Equal Work Act; the Colorado Employment Opportunity Act; or the Colorado Social Media and the Workplace Law;

(e) any and all claims arising out of any other federal, state, or local statute, law, rule, regulation, or ordinance; and

(f) any and all claims for damages (whether compensatory, punitive, or otherwise), attorneys' fees, and costs.

Employee agrees that the release set forth in this Paragraph 3 shall be and remains in effect in all respects as a complete general release. Employee agrees that in the event Employee brings a claim covered by the foregoing release in which Employee seeks damages or other remedies against the Releasees, this Agreement shall serve as a complete defense to such claims. Employee agrees that in the event any government agency pursues any such claim in Employee's name or on Employee's behalf, this Agreement shall serve as a bar to any recovery by or relief to Employee.

Employee agrees that any breach of this Paragraph 3 shall constitute a material breach of this Agreement. Employee agrees to reimburse the Releasees for all costs, attorneys' fees, and any and all damages incurred by the Releasees in defending against a claim brought or pursued by Employee in violation of this Agreement.

This general release does not extend to the obligations of the Company created by this Agreement, and shall not apply to any claim for unemployment compensation Employee may file with a governmental agency.

Employee acknowledges and agrees that if the Company has questions or requires information from the Employee relating to or arising out of Employee's duties with the Company or with respect to any matters about which the Employee has knowledge, Employee will in good faith and truthfully cooperate with the Company in responding to such questions or providing such information or signatures on corporate documents as may be required. Employee further acknowledges and agrees that if the Company is involved or becomes involved in any investigation, claim, or litigation relating to or arising out of Employee's duties with the Company or with respect to any matters about which the Employee has knowledge, Employee will in good faith and truthfully cooperate with the Company, without requiring a subpoena from the Company, with respect to such investigation, claim, or litigation. The Company will reimburse Employee for reasonable and actual out-of-pocket expenses, including transportation, associated with Employee answering questions or providing required information to the Company or associated with Employee participating in depositions, trial, or other preparation related to Company litigation.

Employee hereby certifies and represents that Employee has advised the Company in writing of all instances of violations or suspected violations by one or more of the Releasees, and/or anyone acting on behalf of any of the Releasees, of any laws, ordinances, regulations or rules of which Employee is aware, and that if Employee has not advised the Company of any such violations or suspected violations in writing, it is because Employee is not aware of any such violations or suspected violations.

4 The Company hereby and forever releases Employee from, and agree not to sue concerning, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, liquidated or contingent, that the Company may possess against Employee arising from any omissions, acts, or facts that have occurred up until and including the date on which the Company signs this Agreement, except those arising from Employee's fraud or criminal conduct.

5 Employee affirms that Employee has not filed nor caused to be filed, nor is presently a party to, any claim against the Company.

Employee also affirms that Employee has been paid and/or has received all compensation, wages, bonuses, commissions, vacation pay, sick pay, public health emergency leave pay, and/or other benefits to which Employee may be entitled. Employee affirms that Employee has been granted any leave to which Employee was entitled under the Family and Medical Leave Act, the Colorado Healthy Families and Workplaces Act, or related state or local leave, sick leave, public health emergency leave, or disability accommodation laws.

Employee further affirms that Employee has no known workplace injuries or occupational diseases.

Employee also affirms that Employee is not aware of any workplace violation of government health or safety rules, or workplace threat to health or safety.

Employee further acknowledges that Employee entered into an Employment Agreement with the Company dated April 20, 2020, as amended June 29, 2021, and that the Employment Agreement contains certain post-employment restrictive covenants. Employee reaffirms his commitment to the restrictive covenants set forth in Paragraph 7 of the Employment Agreement, and acknowledges that he would not be entitled to any of the consideration set forth in Paragraph 1 of this Agreement (and that the Company may immediately cease providing any consideration referenced in Paragraph 1 of this Agreement) if Employee violates any provision of the Employment Agreement or this Agreement.

Employee also affirms that Employee has not divulged any proprietary or confidential information of the Company and will continue to maintain the confidentiality of such information consistent with the Company's policies and Employee's agreement(s) with the Company and/or relevant statutory or common law. Employee understands and acknowledges that notwithstanding the provisions above, Employee will not be held criminally or civilly liable for any disclosure of any of Company's proprietary or confidential information that Employee makes:

(a) In confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law;

(b) In a complaint or other document filed in a lawsuit or other proceeding when the filing is made under seal; or

(c) To Employee's attorney or in a sealed court filing in a lawsuit alleging retaliation for reporting a suspected violation of law.

Employee further understands and agrees that nothing in this Agreement is intended to limit or prevent Employee from disclosing information about workplace health and safety practices or hazards.

Employee affirms that Employee has returned all of the Company's property, documents, and/or any confidential information in Employee's possession or control. Employee also affirms that Employee is in possession of all of Employee's property that Employee had at the Company's premises and that the Company is not in possession of any of Employee's property.

6 Employee expressly agrees that Employee will keep the terms of this Agreement **STRICTLY CONFIDENTIAL**; provided, however, that the foregoing and other provisions of this Paragraph 6 shall not apply to the terms of this Agreement that have been publicly disclosed by the Company. Employee further agrees that Employee will not communicate (orally or in writing), or in any way voluntarily disclose or allow or direct others to disclose, the terms of this Agreement to any person, judicial or administrative agency or body, business entity or association, or anyone else for any reason whatsoever, unless required to do so to enforce the terms of this Agreement, or pursuant to lawful subpoena or to an order of a court of competent jurisdiction, except that Employee may disclose the terms of this Agreement to Employee's spouse, attorney and tax or financial advisor. If disclosure is made to any of the persons listed in this Paragraph 6, Employee agrees to inform such persons of the confidentiality requirements of this Agreement and will not make any disclosure to such persons without first obtaining the agreement of those persons to keep the information confidential. It is expressly agreed that the provisions of this paragraph are essential provisions of, and partial consideration for, this Agreement between the Parties.

Employee acknowledges and agrees that any breach of this Paragraph 6 by Employee or by any of the persons listed above is a material breach of this Agreement for which Employee is responsible. In addition, Employee shall reimburse the Company for any and all costs (including, but not limited to, the Company's attorneys' fees) incurred by the Company in enforcing the terms of this Paragraph 6.

7 Employee will not apply for any position with the Company and will not be eligible for rehire by the Company. In the event Employee applies for a position at the Company, the Parties agree the Company has no obligation to consider Employee for employment.

8 The Company will follow its general policy of providing to prospective employers only Employee's dates of employment and positions held, provided any requests for information are made through and responded to by the Company's Human Resources Department.

9 Employee warrants that Employee has not assigned any claims or rights released in this Agreement.

10 Employee agrees and warrants that Employee will not disparage, defame, belittle, ridicule, discredit, denigrate or in any other way harm or damage the reputation of Releasees, their products or services. Employee further agrees and warrants that Employee will not make, file, prepare, report, or assist in making, filing, preparing, or reporting any disparaging remarks regarding Releasees via the Internet or any news media. The Company agrees to instruct the current members of the Company's Board of Directors and its current officers not to defame, slander or publicly disparage Employee.

11 Employee understands that nothing in this Agreement prohibits Employee from filing a charge or participating in an investigation conducted by a federal, state, or local governmental agency. However, Employee agrees that this Agreement shall serve as a bar to any recovery by or relief to Employee.

12 By entering into this Agreement, the Company does not admit that it engaged in any unlawful or improper conduct, or that it is legally obligated to Employee in any way.

13 The consideration stated herein is contractual and not merely a recital. The Parties hereto execute and deliver this Agreement after being fully informed of its terms, contents and effects. The Parties acknowledge that this Agreement is a negotiated agreement that both Parties have reviewed with their attorneys, that both Parties have had a full opportunity to revise the language of the Agreement, and that, in the event of a dispute, the Agreement should not be construed in any way either for or against a party based on whether a particular party was or was not the primary drafter of this Agreement.

14 This Agreement shall be effective, binding on the Parties, and in full force and effect immediately following the execution of the Agreement by both Parties, except for Employee's release of ADEA claims (if any), which shall be binding and effective as of the expiration of the revocation period addressed below.

15 Employee acknowledges:

(a) That by executing this Agreement, Employee waives all rights or claims, if any, that Employee may have against the Company under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 626, et seq. ("ADEA");

(b) That this Agreement has been written in a manner calculated to be understood by Employee, and is in fact understood by Employee;

(c) That the aforementioned waiver reflects specifically, but is not limited to, all rights or claims, if any, that Employee may have against the Company arising under the ADEA;

(d) That Employee is not waiving rights and claims that Employee may have under the ADEA against the Company that may arise after the date on which this Agreement is executed;

(e) That Employee is waiving rights and claims that Employee may have under the ADEA, if any, only in exchange for consideration in addition to anything of value to which Employee is already entitled;

(f) That Employee is advised and has had the opportunity to consult with an attorney of Employee's choice prior to executing this Agreement;

(g) That Employee has been given a period of 21 days from the date on which Employee receives this Agreement, not counting the day upon which Employee receives the Agreement, within which to consider whether to sign this Agreement;

(h) That if Employee wishes to execute this Agreement prior to the expiration of the 21-day period set forth in subsection (g) of this Paragraph 15, Employee may do so;

(i) That Employee has been given a period of 7 days following Employee's execution of this Agreement to revoke Employee's waiver of all claims, if any, under the ADEA, and Employee's release of any claims under the ADEA shall not become effective or enforceable until the revocation period has expired without Employee revoking Employee's waiver of all claims under the ADEA;

(j) That to revoke Employee's waiver of all claims under the ADEA, Employee understands that Employee must deliver a written, signed statement that Employee revokes Employee's waiver of all claims under the ADEA to the Company by hand or by mail within the 7-day revocation period. The revocation must be postmarked within the period stated above and properly addressed to the Company at the following address: SomaLogic, Inc., c/o Alison Roelke (Executive Vice President & Chief People Officer), 2945 Wilderness Pl, Boulder, CO 80301, aroelke@somalogic.com.

(k) That this Agreement becomes null and void and of no further force or effect if Employee does not sign, date and return this Agreement to the Company within 21 days after the date on which Employee receives this Agreement.

(l) That any modifications, material or otherwise, made to this Agreement, do not restart or affect in any manner the original period of up to 21 calendar days during which Employee may consider this Agreement.

16 This Agreement may be executed in counterparts and shall be fully enforceable in all regards if executed in such manner as if it had been executed as a single document. Signatures obtained electronically shall constitute effective execution of this Agreement.

17 Employee and the Company agree that all the terms of this Agreement are contained in this document, the Employment Agreement, and the Plan, that no statements or inducements have been made contrary to or in addition to the statements herein, that the terms hereof are binding on and enforceable for the benefit of Employee's successors and assigns, that the Agreement shall be governed by Colorado law, and that the provisions of this Agreement are severable, so that if any paragraph of this Agreement is determined to be unenforceable, the other paragraphs shall remain valid and fully enforceable. In the event of any inconsistency between this Agreement, the Employment Agreement and the Plan, the Plan shall control.

Accepted and agreed as of this 28th day of March, 2023.

/s/ Roy Smythe

Roy Smythe

SomaLogic, Inc.

By: /s/ Troy Cox

REPRESENTATIVE NAME

Its: Executive Chairman

TITLE

SOMALOGIC, INC.

Key Employee Severance Plan
Amended and Restated Participation Notice

To: Roy Smythe

Date: March 28, 2023

SomaLogic, Inc. (the “***Company***”) has adopted the SomaLogic, Inc. Key Employee Severance Plan (the “***Plan***”). The Company is providing you this Amended and Restated Participation Notice (this “***Participation Notice***”) to inform you that you have been designated as a Participant in the Plan. A copy of the Plan document is attached to this Participation Notice. The terms and conditions of your participation in the Plan are as set forth in the Plan and this Participation Notice, which together constitute the Summary Plan Description for the Plan. Capitalized terms used but not defined herein shall have the meanings given them in the Plan

You are a Tier 1 Participant; provided, however, that separate from and notwithstanding the terms of the Plan:

- A “***Change in Control Termination***” shall mean your (i) Termination Without Cause or (ii) resignation for Good Reason, in either case, that occurs within **six months prior to**, or twelve (12) months after, a Change in Control. To the extent necessary to comply with Section 409A of the Code, “***Change in Control***” shall have the meaning set forth in the Plan, but only if such transaction is also a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the Company’s assets, as described in Treasury Regulations Section 1.409A-3(i)(5).

- In the event of a Qualifying Termination that does not constitute a Change in Control Termination, any outstanding stock options you hold will remain outstanding and exercisable for 24 months following such Qualifying Termination. You understand that by executing this Participation Notice, any of your stock options that have been considered to be “incentive stock options” prior to the date hereof, if applicable, may cease to qualify as “incentive stock options.” You hereby represent that you have either consulted your personal tax or financial planning advisor about the tax consequences of your participation in the Plan, or you have knowingly declined to do so.

Please return to the Company’s General Counsel a copy of this Participation Notice signed by you. Please retain a copy of this Participation Notice, along with the Plan document, for your records.

By: /s/ Roy Smythe
Roy Smythe
Date: March 28, 2023

CERTAIN INFORMATION IDENTIFIED WITH THE MARK "(***)", HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE SUCH INFORMATION IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL.

Arbeitsvertrag / Employment Agreement

zwischen / between

Velocity Global GmbH
(***)
("Arbeitgeber/Verleiher" / "Employer/Lender")

und / and

Pi Zheng
(***)

("Arbeitnehmer" / "Employee")

(gemeinsam auch "die Parteien" genannt / jointly referred to as "the Parties")

DEUTSCHE FASSUNG

1. Erlaubnis zur Arbeitnehmerüberlassung

1.1. Der Arbeitgeber ist im Besitz einer befristeten Erlaubnis nach § 1 AÜG (Arbeitnehmerüberlassungsgesetz), die am 15. März 2019 durch die Agentur für Arbeit Nürnberg in Nürnberg wirksam ab ihrer Bekanntgabe am 19. März 2019 für die Dauer von 1 Jahr d.h. bis zum 19. März 2020 erteilt wurde.

Die Erlaubnis wurde zwischenzeitlich bis zum 19. März 2023 verlängert. Die Erlaubnis und die Verlängerungen sind diesem Vertrag als **Anlage 1** in Kopie beigefügt.

1.2. Der Arbeitgeber verpflichtet sich, den Arbeitnehmer unverzüglich schriftlich über den Zeitpunkt des Wegfalls der Erlaubnis zu unterrichten. In den Fällen der Nichtverlängerung, der Rücknahme oder des Widerrufs wird er den Arbeitnehmer ferner auf das voraussichtliche Ende der Abwicklung und die gesetzliche Abwicklungsfrist nach § 2 Abs. 4 AÜG hinweisen.

ENGLISH VERSION

1. Permit for employee leasing

1.1. Employer holds the limited permit according to § 1 Employee Leasing Act ("AÜG") which was granted on 15 March 2019, effectiv e with its announcement on 19 March 2019 effective for a period of 1 year meaning until 19 March 2020 by the Agency of Employment Nurnberg in Nurnberg.

The permit has meanwhile been extended until 19 March 2023. A copy of the permit and its extensions are attached hereto as **Attachment 1.**

1.2. Employer is obligated to inform Employee in writing without undue delay of the withdrawal of the permit. If the permit is not prolonged or revoked Employer will inform Employee about the approximate ending of the wind-up and the statutory wind-up period (§ 2 para 2 AÜG).

1.3. Der Arbeitnehmer bestätigt ausdrücklich, dass er das Merkblatt für Arbeitnehmer von der Bundesagentur für Arbeit **(Anlage 2)** sowie eine Durchschrift des vorliegenden Vertrages erhalten hat

1.3. Employee explicitly assures that he has received the leaflet of the Federal Agency of Employment **(Attachment 2)** and a copy of this agreement.

2. Vertragsgegenstand/Tätigkeit; Arbeitsort

2. Contract object/ Scope of Duties; Place of work

2.1. Der Arbeitgeber stellt seinen Kunden zur Erledigung von Aufgaben an bestimmten Orten Personal zur Verfügung. Der Arbeitnehmer ist verpflichtet, bei dem zugewiesenen Kunden des Arbeitgebers („Kunde”) als Leiharbeitnehmer tätig zu werden („Einsatz”). Er erklärt sich damit einverstanden an Einsatzorten auch außerhalb seines Wohnsitzes eingesetzt zu werden, es sei denn der Kunde zieht es vor, dass er von zu Hause aus arbeitet.

2.1. Employer provides personnel for performing services to clients at a certain location. Employee is obligated to work for (“Engagement”) the assigned client of the Employer (“Client”) as leased employee. Employee agrees to perform services at locations outside of his residence unless the Client prefers the Employee to work from home.

2.2. Der Arbeitnehmer wird als **Vice President, Internal Audit** eingestellt. Die Einzelheiten der Tätigkeit hängen vom Einsatz beim jeweiligen Kunden ab und ergeben sich aus der als **Anlage 4** zu diesem Vertrag beigefügten Stellenbeschreibung.

2.2. Employee is hired as **Vice President, Internal Audit.** The details of the activity depend on the respective Engagement at a Client and are laid down in the job description attached to this contact as **Attachment 4.**

2.3. Die Parteien sind sich einig, dass der Arbeitnehmer zunächst dem Kunden **SOMALOGIC, INC.** zugewiesen wird. Die Parteien sind sich einig, dass der Arbeitnehmer nach Beendigung eines Einsatzes anderen Kunden zugewiesen werden kann.

2.3. The parties agree that Employee shall initially be assigned to the client **SOMALOGIC, INC.** The parties agree that the Employee can be assigned to other clients after the end of an engagement.

2.4. Für die Tätigkeit des Arbeitnehmers sind folgende besondere Qualifikationen notwendig:

- Hochschulstudium
- Mehrjährige Berufserfahrung

Der Arbeitnehmer hat diese Qualifikationen durch eine für den Kunden akzeptable Vorlage von Zeugnissen/Prüfungsbescheinigungen nachgewiesen.

2.4. The scope of duties requires the following qualifications:

- University studies
- Several years of work experience

Employee has provided evidence of these qualifications acceptable to Client by presenting references/certificates.

2.5. Für die Einsatzdauer bei einem Kunden unterliegt der Arbeitnehmer dem Direktionsrecht des Kunden im Rahmen dieses Vertrages. Das allgemeine Direktionsrecht des Arbeitgebers bleibt davon unberührt.

2.5. For the period of the engagement, Employee is subject to Client’s right of instruction within the scope of this contract. Employer’s general right of instruction shall remain unaffected.

3. Beginn, Dauer und Beendigung des Arbeitsverhältnisses

3.1. Dieser Vertrag beginnt am 19. Oktober 2022 und wird auf unbestimmte Zeit geschlossen.

3.2. Der Arbeitnehmer bestätigt ausdrücklich, dass vor Beginn dieses Arbeitsverhältnisses zuvor noch nicht bei dem Arbeitgeber nicht beschäftigt war im Sinne von § 14 Abs. 2 TzBfG.

3.3. Das Arbeitsverhältnis steht unter der aufschiebenden Bedingung, dass der Arbeitnehmer einen gültigen Aufenthaltstitel besitzt, der ihn zur Ausübung der vertragsgemäßen Beschäftigung beim Arbeitgeber berechtigt ("Aufenthaltstitel") und diesen dem Arbeitgeber vorlegt. Der Arbeitnehmer hat jeweils rechtzeitig eine Verlängerung des Aufenthaltstitels zu beantragen und dem Arbeitgeber eine Kopie des verlängerten Aufenthaltstitels unaufgefordert vorzulegen. Falls die Verlängerung des Aufenthaltstitels versagt wird, ist der Arbeitnehmer verpflichtet, den Arbeitgeber unverzüglich darüber zu informieren.

3.4. Das Arbeitsverhältnis endet spätestens mit Ablauf des jeweiligen Aufenthaltstitels ohne dass es einer Kündigung bedarf, wenn dem Arbeitgeber das Warten auf die Wiedererteilung des Aufenthaltstitels unzumutbar ist.

3.5. In Fällen wie 3.2. erklärt sich der Arbeitnehmer damit einverstanden, den Arbeitgeber in keiner Form für Kosten oder Verbindlichkeiten haftbar zu machen, die sich aus einer längeren Anwesenheit des Arbeitnehmers in Deutschland nach dem Datum der Beendigung dieser Vereinbarung ergeben könnten.

3.6. Eine Kündigung vor Beginn des Anstellungsverhältnisses ist ausgeschlossen.

3. Commencement, duration and end of the Employment

3.1. Employment shall commence on 19th October 2022 and shall last for an indefinite term.

3.2. Employee explicitly reassures, that he has never been in an employment relationship with the company prior to this employment corresponding to Section 14 para 2 TzBfG (Part-Time and Limitation Code)

3.3. The employment relationship is subject to the condition precedent that Employee possesses a residence permit with work permit ("Residence Permit") that entitles him to be employed with Employer as per the employment agreement and presents it to Employer. Employee must apply on time for an extension of the Residence Permit and present to Employer a copy of the extended Residence Permit without being requested. If the extension of the Residence Permit is denied Employee must notify Employer without undue delay.

3.4. The employment will end no later than upon expiry of the respective Residence Permit without a notice of termination being required if Employer cannot be reasonably expected to wait for the Residence Permit to be reissued.

3.5. In cases such as 3.2 above, the employee agrees to not hold the employer in any form responsible for any costs or liabilities that may come forth out of employee's prolonged presence in Germany, after the date of termination of this agreement.

3.6. Termination prior to the commencement of employment is excluded.

3.7. Die ersten 6 Monate des Beschäftigungsverhältnisses werden als Probezeit vereinbart. Während dieser kann das Beschäftigungsverhältnis von jeder Partei mit Frist von 2 Wochen gekündigt werden.

3.7. The first 6 months of employment are agreed to be a probationary period. During the probationary period either party may terminate the employment by observing a notice period of 2 weeks.

3.8. Nach Ablauf der Probezeit kann das Beschäftigungsverhältnis von beiden Parteien innerhalb der gesetzlichen Frist von 4 Wochen zum 15. oder zum Monatsende gekündigt werden, gem. §622 Abs. 1 BGB.

3.8. After expiry of the probationary period the employment may be terminated by either party by observing the statutory notice period of 4 weeks to the 15th or the end of the calendar month, according to Section 622 para 1 BGB.

3.9. Die gesetzliche Kündigungsfrist verlängert sich jeweils gemäß §622 Abs. 2 BGB für beide Parteien nach §622 Abs. 5 S.3, Abs. 6 BGB.

3.9. The statutory notice period shall be extended for both parties pursuant to Section 622 para 2 BGB respectively according to Section 622 para 5 s. 3, para 6 BGB.

3.10. Die Kündigung bedarf der Schriftform (§ 623 BGB).

3.10. The termination must be declared in written form (Sec. 623 BGB).

3.11. Will der Arbeitnehmer geltend machen, dass eine Kündigung des Arbeitgebers sozial ungerechtfertigt oder aus anderen Gründen rechtsunwirksam ist, so muss er innerhalb von drei Wochen nach Zugang der schriftlichen Kündigung Klage beim Arbeitsgericht auf Feststellung erheben, dass das Arbeitsverhältnis durch die Kündigung nicht aufgelöst ist (vgl. § 4 KSchG) erheben. Andernfalls gilt die Kündigung von Anfang an als rechtswirksam (vgl. § 7 KSchG).

3.11. If Employee wishes to assert that a termination by Employer is socially unjustified or legally invalid for other reasons, he must file an action with the labor court within three weeks after receipt of the written notice of termination for a declaration that the employment relationship has not ended by the termination (See Sec. 4 Act Against Unfair Dismissal). Otherwise the termination is deemed to be effective from the beginning (See Sec. 7 Act Against Unfair Dismissal).

4. Arbeitszeit; Pausen

4. Working Time; Breaks

4.1. Die regelmäßige wöchentliche Arbeitszeit beträgt 40 Stunden, ausschließlich der Pausen.

Die genannte Wochenarbeitszeit muss im Durchschnitt von 6 Kalendermonaten eingehalten werden.

4.1. The regular hours of work shall be 40 hours per week, excluding breaks.

Aforementioned weekly hours of work shall be maintained over an average period of 6 calendar months.

4.2. Die regelmäßige wöchentliche Arbeitszeit beträgt 40 Stunden, ausschließlich der Pausen verteilt auf 5 pro Woche.

4.2. The regular hours of work shall be 40 hours per week, excluding breaks at 5 per week.

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4.3. Die tatsächliche Lage der Arbeitszeit wird an die des Kundenbetriebes angepasst. Beginn und Ende der täglichen Arbeitszeit (einschließlich der Pausen) und die Verteilung der Arbeitszeit auf die einzelnen Wochentage richten sich nach den im jeweiligen Kundenbetrieb gültigen Regelungen bzw. Anforderungen.

4.3. The actual allocation of the hours of work will be adjusted to the requirements of the Client. Beginning and the end of the daily working hours and breaks shall be determined in accordance with the operational requirements of the Client and as stated in the Client's policies.

4.4. Der Arbeitnehmer verpflichtet sich, im Rahmen der gesetzlichen Vorschriften, auf Verlangen des Arbeitgebers bzw. des Kunden zumutbare Über-, Mehr-, Nacht-, Sonn- und Feiertagsarbeit zu leisten.

4.4. Employee agrees to work overtime or excess hours (including Saturdays, Sundays and public holidays and at night) upon request of the Employer or the Client and to the extent permitted by applicable law.

5. Anwendung der wesentlichen Arbeitsbedingungen des Kunden in Verleihzeiten; Vergütung; Reisen und Reisekosten

5. Application of key working conditions of the Client in lease periods; Remuneration; Travel and travel expenses

5.1. Soweit der Arbeitnehmer bei einem Kunden eingesetzt wird, finden für die Dauer des Einsatzes die in der jeweiligen **Anlage 3** ersichtlichen wesentlichen Arbeitsbedingungen einschließlich des Arbeitsentgeltes eines mit dem Arbeitnehmer vergleichbaren Arbeitnehmers des Kunden gemäß § 9 Abs. 1 Nr. 2 AÜG auf dieses Arbeitsverhältnis Anwendung, soweit diese für den Arbeitnehmer günstiger sind. Gibt es keinen vergleichbaren Arbeitnehmer erhält der Arbeitnehmer das gleiche Entgelt als wenn er für die Tätigkeit unmittelbar von einem Kunden nach den Bedingungen **in Anlage 3** eingestellt worden wäre.

5.1. As far as Employee is engaged to a client the key working conditions of the Client (as per the respective **Attachment 3)**, including the remuneration, as for a comparable employee of the Client, shall apply for the term of the respective lease if they are more favorable pursuant to § 9 para 1 No. 2 of the AÜG. If no comparable employee exists, the Employee shall receive the same remuneration as if he was hired for the activity directly by a client according to the conditions outlined in **Attachment 3.**

5.2. Nach Beendigung des Einsatzes beim Kunden gelten ausschließlich die Regelungen dieses Vertrages; die Arbeitsbedingungen des Kunden gelten lediglich für die Dauer des jeweiligen Einsatzes.

5.2. After the end of the engagement solely the provisions of this contract shall apply. The aforementioned working conditions shall only apply for the term of the respective engagement with the Client.

5.3. Die Auszahlung der Vergütung erfolgt durch Überweisung auf ein vom Arbeitnehmer zu benennendes Konto bis zum letzten Werktag eines Kalendermonates.

5.3. The remuneration will be paid out in the form of a bank transfer to a bank account to be specified by Employee by the last business day of each month.

5.4. Der Arbeitnehmer verpflichtet sich, die mit seiner Tätigkeit verbundenen Reisetätigkeiten innerhalb und außerhalb von Europa (inkl. gelegentlicher auswärtiger Übernachtungen) wahrzunehmen. Die Anzahl, die jeweilige Dauer und der Zielort der Dienstreisen richten sich nach den Bedürfnissen des Kunden. Reisen außerhalb Deutschlands dürfen die Dauer eines Monats nicht übersteigen. Die Reise-und Hotelkosten, sowie Kosten, die beruflich und im Interesse des Kunden entstehen, werden gegen Vorlage eines Auslagenberichts und ordnungsgemäßer Belege im Rahmen der jeweils geltenden Richtlinien des Arbeitgebers und der Steuervorschriften durch den Arbeitgeber getragen.

5.4. Employee undertakes to travel within and outside of Europe for the purposes of his/her work (incl. occasional overnight stays abroad). Client's requirements will determine the number, duration and destinations of business trips. Travelling other countries than Germany may not be longer than one month. Travel and accommodation expenses, as well as any professional expenses incurred in Client's interest, shall be borne by Employer within the scope of Employer's policies and the applicable German tax regulations. Reimbursement will be contingent upon the presentation of receipts and proper expense reporting.

6. Einsatzfreie Zeiten

6. Engagement-free periods

6.1. Während der Zeiten, in denen der Arbeitnehmer nicht bei einem Kunden eingesetzt wird, zahlt der Arbeitgeber dem Arbeitnehmer ein Bruttomonatsgehalt gemäß der jeweils geltenden Verordnung über eine Lohnuntergrenze in der Arbeitnehmerüberlassung (vgl. § 3a Abs. 2 S. 1 AÜG) zum jeweils anwendbaren aktuellen Betrag.

Diese lauten:

- ab 01.04.2022 brutto EUR 10,88 pro Stunde.

  Für den Fall, dass eine Verordnung über eine Lohnuntergrenze in der Arbeitnehmerüberlassung nicht in Kraft ist, zahlt der Arbeitgeber bis zum Inkrafttreten der nachfolgenden Verordnung über eine Lohnuntergrenze in der Arbeitnehmerüberlassung den allgemeinen Mindestlohn nach dem Mindestlohngesetz zum jeweils anwendbaren Betrag. Dies gilt auch, falls der allgemeine Mindestlohn höher ist als der Mindestlohn nach der Verordnung über eine Lohnuntergrenze in der Arbeitnehmerüberlassung.

6.1. During engagement free periods Employer pays Employee a monthly gross salary to be paid pursuant to the current applicable Directive of a Minimum Wage for employee leasing (See Sec. 3a para 2 s. 1 AÜG) at the applicable current rate.

Those are:

- from April 1, 2022 EUR 10.88 gross/ hour

  In the event that a regulation on a minimum wage for employee leasing is not in force, the Employer shall pay the general minimum wage in accordance with the Minimum Wage Act at the respective applicable amount. This also applies if the general minimum wage is higher than the minimum wage according to a regulation on a minimum wage in employee leasing.

Die Beträge lauten:

- ab 01.07.2022 brutto 10,45 pro Stunde
- Ab 01.10.2022 brutto EUR 12 pro Stunde

Those amounts are:

- from July 1, 2022 EUR 10.45 gross per hour
- from October 1, 2022 EUR 12 gross per hour

6.2. In Zeiträumen, in denen der Arbeitnehmer nicht bei einem Kunden eingesetzt werden kann, hat der Arbeitnehmer seine Arbeitskraft dem Arbeitgeber zur Verfügung zu stellen. Kann auch der Arbeitgeber den Arbeitnehmer nicht beschäftigen, ist der Arbeitnehmer verpflichtet, sich einmal täglich beim Arbeitgeber telefonisch zu melden, um sich nach dem Folgeeinsatz zu erkundigen.

6.2. During periods when it is not possible to engage Employee to clients Employee has to be available to Employer. In case Employer does not provide Employee with work, Employee is obligated to contact Employer one time per day in order to receive information on future leases.

6.3. Hat sich der Arbeitnehmer nicht gemeldet und wird dadurch ein Einsatz vereitelt, besteht für diesen Tag kein Anspruch auf Vergütung.

6.3. In case Employee did not contact Employer and an engagement cannot take place due to this Employee loses his remuneration entitlement for that day.

6.4. In verleihfreien Zeiten hat der Arbeitnehmer Anspruch auf den gesetzlichen Mindesturlaub.

6.4. In lease free periods Employee is entitled to the statutory minimum leave.

7. Arbeitsverhinderung und Gehaltsfortzahlung

7. Incapacity to Work and Continuation of Salary Payment

7.1. Der Arbeitnehmer ist verpflichtet, jede Arbeitsverhinderung und ihre voraussichtliche Dauer zum frühestmöglichen Zeitpunkt dem Arbeitgeber und dem Kunden mitzuteilen und dabei gleichzeitig auf etwaige dringende Arbeiten hinzuweisen.

7.1. Employee is obliged to notify Employer at the earliest possible time of any incapacity to work and its probable duration and at the same time to inform Employer and the Client of any work which is pending or might need urgent attention.

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7.2. Im Falle der Erkrankung ist der Arbeitnehmer verpflichtet, vor dem Ablauf des 3. Kalendertages nach Beginn der Arbeitsunfähigkeit eine ärztliche Bescheinigung über die Arbeitsunfähigkeit sowie deren voraussichtliche Dauer vorzulegen. Dauert die Arbeitsunfähigkeit länger als in der Bescheinigung angegeben, so ist der Arbeitnehmer verpflichtet, innerhalb von drei Tagen eine neue ärztliche Bescheinigung einzureichen.

7.2. In case of sickness, Employee is obliged to submit a medical certificate concerning the incapacity to work and its possible duration immediately upon Employer's request but no later than prior to the expiry of the 3rd calendar day after the incapacity to work commenced. If the incapacity to work continues beyond the time stated on the medical certificate, Employee is obligated to submit a new medical certificate within 3 days.

7.3. Bei Arbeitsunfähigkeit wegen Krankheit wird die Vergütung gemäß den jeweils geltenden gesetzlichen Regelungen fortgezahlt.

7.3. For incapacity to work due to sickness, remuneration is continued in accordance with the applicable statutory provisions

7.4. §616 BGB findet keine Anwendung.

7.4. Section 616 BGB does not apply.

8. Nebentätigkeit, Wettbewerb und Annahme von Geschenken

8. Secondary Occupation, Competition and Acceptance of gifts

8.1. Jede Nebentätigkeit, gleichgültig, ob sie entgeltlich oder unentgeltlich ausgeübt wird, bedarf der vorherigen schriftlichen Zustimmung des Arbeitgebers. Die Zustimmung ist zu erteilen, wenn die Nebentätigkeit die Wahrnehmung der dienstlichen Aufgaben des Arbeitnehmers für den Arbeitgeber zeitlich nicht behindert und sonstige berechtigte Interessen des Arbeitgebers nicht beeinträchtigt werden.

8.1. Any secondary occupation, whether paid or unpaid, requires the prior written consent of Employer. The consent will be granted if the secondary occupation does not hinder the performance of Employee's duties for Employer with respect to time, nor impairs other justified interests of Employer

8.2. Während des Bestehens dieses Arbeitsvertrages ist es dem Arbeitnehmer untersagt, direkt oder indirekt (z.B. als Arbeitnehmer), als freier Mitarbeiter oder als Arbeitnehmer für ein mit dem Arbeitgeber in Wettbewerb stehendes Unternehmen zu arbeiten oder eigene unternehmerische Tätigkeiten zu entfalten, die mit dem Arbeitgeber in Konkurrenz treten könnten. Ausgenommen hiervon sind bloße Finanzbeteiligungen.

8.2. During the period of employment Employee is prohibited from directly or indirectly working for a company which competes with Employer or to carry out competitive activities himself. Financial investments are thereof excluded.

8.3. Geschenke oder sonstige Leistungen dritter Personen, insbesondere von Geschäftspartnern des Arbeitgebers oder des Kunden, die im Zusammenhang mit der dienstlichen Leistung für den Arbeitgeber oder Kunden stehen können, wird der Arbeitnehmer unverzüglich ablehnen oder an den Arbeitgeber oder den Kunden herausgeben, sofern diese nicht sozial üblich sind.

8.3. Gifts and other benefits from third parties, especially from business partners of Employer or the Client, which might relate to Employee’s services for Employer or the Client, shall be immediately rejected by Employee or be handed over to Employer and/or Client if such are not socially accepted.

9. Geheimhaltung und Verschwiegenheit

9. Secrecy and Confidentiality

9.1. Der Arbeitnehmer verpflichtet sich, während der Dauer des Arbeitsverhältnisses über alle Geschäftsgeheimnisse des Arbeitgebers und des Kunden Stillschweigen zu bewahren, welche ihm bei Ausübung seiner Tätigkeit für den Arbeitgeber zur Kenntnis gelangen. Die Verschwiegenheitspflicht erstreckt sich auch auf Angelegenheiten anderer Unternehmen, mit denen der Arbeitgeber wirtschaftlich oder organisatorisch verbunden ist.

9.1. Employee shall treat as strictly confidential all business secrets of Employer and the Client which he obtains knowledge during the exercise of his/ her duties for Employer for the duration of the employment. This confidentiality obligation also applies to matters of any company affiliated with Employer economically or organisationally.

9.2. Als Geschäftsgeheimnisse gelten insbesondere:

– Kunden- und Lieferantenlisten;
– Verträge mit Kunden und Lieferanten;
– interne Preislisten und entsprechende Kalkulationen;
– Marketing-Pläne, Geschäftsplanungen und Vertriebsziele;
– Geschäftsstrategien
– unveröffentlichte Bilanzen;
– Budgets und Lizenzen;
– Marktanteils- und Preisstatistiken;
– Marktbeobachtunge und-untersuchungen;
– neue Produktlinien

9.2. Business secrets shall be deemed in particular:

– customer and supplier lists;
– contracts with customers and suppliers;
– internal price lists and corresponding calculations;
– marketing plans, business plans and sales targets;
– Business strategies
– unpublished balance sheets;
– budgets and licenses;
– market share and price statistics;
– market observations and investigations;
– new product lines;

- interne Vertriebs-, Dienstleistungs-und Produktinformationen des Arbeitgebers (einschließlich Kunden-und Zulieferernamen, Adressen und Kontaktdaten, Vertriebszielen, Statistiken, Marktanteils-und Preisstatistiken, Marktbeobachtungen und-untersuchungen, Incentive-Vereinbarungen, aktuellen und zukünftigen Promotionen, neuen Produktlinien, Service- und Produktinformationen, vertraglichen Vereinbarungen mit Kunden sowie Werbe-/Promotionsmaterial),
- Unternehmensdaten
- Technisches Know-How (z.B. Herstellungsverfahren, Prototypen, Formeln und Rezepte)

- internal sales-, service and product information of Employer (including lists of customers' and suppliers' names, addresses and contacts, sales targets and statistics, market share and pricing statistics, marketing surveys, research and reports, incentive arrangements, current and future promotions, new product ranges, service and product information, contractual arrangements with customers and advertising and promotional material)
- Company data
- Technical know-how (e.g. production procedures, prototypes, formulas, recipes)

9.3. Der Arbeitnehmer wird darauf hingewiesen, dass der Arbeitgeber und der Kunde die vorgenannten Geschäftsgeheimnisse durch technische und organisatorische Maßnahmen gesichert hat. Der Arbeitnehmer verpflichtet sich Anweisungen in Bezug auf die dem Arbeitnehmer mitgeteilten Maßnahmen Folge zu leisten.

9.3. Employee is informed that Employer and the Client safeguarded the aforementioned business secrets by implementing technical and organisational measures. Employee is obligated to follow instructions regarding the measures he was informed of.

9.4. Über Geschäftsgeheimnisse hinaus ist der Arbeitnehmer auch zur Geheimhaltung solcher Tatsachen verpflichtet, deren Geheimhaltungsbedürftigkeit sonst für ihn erkennbar ist oder die ihm während des Arbeitsverhältnisses vom Arbeitgeber oder vom Kunden ausdrücklich schriftlich oder mündlich als vertraulich bekannt gegeben werden („Vertrauliche Angelegenheiten”). Die Parteien sind sich darüber einig, dass als vertrauliche Angelegenheiten jegliche Information insbesondere alle Verfahren, Daten, Know-how, Preise, Kosten, unveröffentlichte Informationen in Bezug auf geistiges Eigentum des Arbeitgebers und des Kunden nebst jeder anderer betrieblicher, finanziellen oder technischen Information mit geschäftlichem Bezug oder zu Kunden, Lieferanten, Geschäftsführern, Arbeitnehmern oder zu jeder sonstigen Person, die Anteile an dem Arbeitgeber oder dem Kunden hält oder an einem Anteilserwerb interessiert ist gelten.

9.4. Beyond business secrets, Employee shall also treat as strictly confidential any facts the confidentiality of which is otherwise recognizable to him, or which are expressly disclosed to him as confidential, orally or in writing, by the Employer or the Client during the employment relationship (“Confidential Matters”). The Parties agree that Confidential Matters includes in particular information on all procedures, data, know-how, , pricing, costs, information relating to the marketing or sales or any products or services of Employer, unpublished information relating to the intellectual property of Employer and the Client and any other commercial, financial or technical information relating to the business of Employer or to any other customer or supplier, officer or Employee of Employer or to any member or person interested in the share capital of the Employer or the Client.

9.5. Die Verschwiegenheitspflicht erstreckt sich nicht auf solche Kenntnisse, die jedermann zugänglich sind oder deren Weitergabe für den Arbeitgeber oder den Kunden sichtlich ohne Nachteil ist. Im Zweifelsfall ist der Arbeitnehmer verpflichtet, eine Weisung des Arbeitgebers oder des Kunden einzuholen, ob eine bestimmte Tatsache als vertraulich zu behandeln ist

9.5. The confidentiality obligation does not extend to knowledge which is accessible to anyone or the disclosure of which is obviously without disadvantage for Employer or the Client. In case of doubt, Employee shall be obliged to obtain instructions from Employer or the Client as to whether a certain fact is to be treated as confidential.

9.6. Die vorgenannten Geheimhaltungspflichten bestehen auch nach Beendigung des Arbeitsverhältnisses fort. Sollte die nachvertragliche Verschwiegenheitspflicht den Arbeitnehmer in seinem beruflichen Fortkommen behindern, so hat der Arbeitnehmer dies dem Arbeitgeber anzuzeigen und in begründeten Fällen Anspruch auf Freistellung von dieser Pflicht.

9.6. The above confidentiality obligations shall continue to apply even after termination of the employment relationship. If the post-contractual confidentiality obligation impedes Employee’s professional advancement, Employee shall notify Employer thereof and in justified cases shall be entitled to release from this obligation.

9.7. Der Arbeitnehmer wird darauf hingewiesen, dass ein Verrat von Betriebs- und Geschäftsgeheimnissen unter den Voraussetzungen von § 23 des Gesetzes zum Schutz von Geschäftsgeheimnissen strafbar sein kann.

9.7. Employee hereby is made aware that a disclosure of business and trade secrets may be punishable under the conditions of Sec. 23 of the Act on the Protection of Trade Secrets.

9.8. Vorträge oder Veröffentlichungen, welche die Interessen, Geschäftsfelder oder Produkte des Arbeitgebers oder Kunden berühren, bedürfen der vorherigen schriftlichen Einwilligung des Arbeitgebers oder des Kunden.

9.8. Lectures or publications which concern Employer or Client's interests, business areas or products require Employer or the Client's prior written consent.

10. Urheberrechte und verwandte Schutzrechte

10. Intellectual Property Rights

10.1. Der Arbeitnehmer überträgt sämtliche Rechte am Arbeitsergebnis, insbesondere sämtliche Markenrechte, Nutzungsrechte an Urheberrechten, Geschmacksmusterrechte, verwandte Schutzrechte an Urheberrechten (einschließlich aller Entwicklungsstufen) und sonstige Immaterialgüterrechte, die er während der Zeit seiner Tätigkeit insbesondere während Zeiten des Einsatzes beim Kunden erwirbt, zeitlich, räumlich und inhaltlich unbeschränkt ausschließlich auf den Arbeitgeber, wenn diese,

(a) im Zusammenhang mit den geschäftlichen Aktivitäten für den Arbeitgeber, vor allem bei Tätigkeiten im Zusammenhang mit dem Einsatz beim Kunden, vom Arbeitnehmer erworben wurden oder

(b) unter Verwendung von Material und/ oder Arbeitszeit, die vom Arbeitgeber oder Kunden zur Verfügung gestellt wurden, entwickelt oder erworben wurden, während oder außerhalb der Arbeitszeit, oder

(c) mit seiner Arbeit während des Zeitraums dieses Arbeitsvertrages zusammenhängen.

10.1. Employee exclusively assigns to Employer all rights to the works (in particular trademark rights, rights of use to copyrights, registered design rights, related property rights according to copyright law and other intellectual property rights) which Employee acquires during the period of employment, in particular during the period of the engagement for the Client unrestricted in time, territory and content, if these rights are:

(a) acquired by Employee in connection with business activities, in particular in the course of his activities for the Client; or

(b) developed or acquired due to the use of material and or/ working time provided by Employer or the Client; or

(c) related to the work within the period of the employment.

10.2. Die Übertragung schließt auch Rechte ein, die vor Aufnahme der Tätigkeit für den Arbeitgeber erworben wurden, sofern die unter Abs. 1 lit. a-c genannten Voraussetzungen zutreffen

10.2. The assignment includes rights which were acquired before the beginning of the activities if the aforementioned prerequisites a) - c) are met.

10.3. Die Übertragung nach 10.1 und 10.2 umfasst unter anderem die Befugnis des Arbeitgebers, die Werke im In- und Ausland in körperlicher und unkörperlicher Form – entgeltlich oder unentgeltlich – zu nutzen, öffentlich wieder zu geben, zu vervielfältigen, zu verbreiten, in digitaler oder analoger Form auf Bild-, Daten- und Tonträger aller Art aufzunehmen und diese ihrerseits zu vervielfältigen und zu verbreiten. Die Übertragung umfasst insbesondere auch die Befugnis, das Werk interaktiv auf elektronischem Weg auf allen derzeit bekannten Übertragungswegen wie Kabel, Satellit, allen Funkübertragungssystemen jeder Art in allen Standards nutzbar zu machen.

10.3. The assignment according to 10.1 and 10.2 include Employer's right in Germany and abroad, in physical or non-physical form against payment or free of charge, to use the works, to reproduce the works publicly, to copy the works, to distribute the works, to record as digital or analogy data, visual and audio media and to copy and distribute the records. In particular, the assignment comprises the right to utilize the works interactively on all currently known transmission platforms such as cable, satellite and all radio transmission systems.

10.4. Die Regelung in §69b des Urheberrechtsgesetzes zur Urheberschaft in Arbeits- und Dienstverhältnissen bleibt unberührt. Der Arbeitnehmer verzichtet ausdrücklich auf die Geltendmachung seiner Urheberpersönlichkeitsrechte an seinen Arbeitsergebnissen in Original-, bearbeiteter und umgestalteter Form, einschließlich aber nicht beschränkt auf das Recht zur Veröffentlichung (§ 12 UrhG), das Recht auf Anerkennung der Urheberschaft (§ 13 UrhG), den Schutz gegen Entstellungen (§ 14 UhrG), das Recht auf Zugang zu den Werkstücken (§ 25 UhrG) und das Rückrufsrecht (§§ 41, 42 UrhG).

10.4. Section 69b of the Copyright Law Act, (Urheberrechtsgesetz, UrhG) remains unaffected. Employee explicitly waives to enforce his moral rights as author of the work results in original, edited and amended form, including but not limited to the right to publish (§ 12 UrhG), the right to recognition of authorship (§13 UrhG), protection against distortion (§ 14 UhrG), the right of access to the work (§ 25 UhrG) and the right of recall (§§ 41, 42 UrhG).

10.5. Sämtliche vorstehenden Rechte sind dem Arbeitgeber spätestens zum Zeitpunkt ihrer Entstehung als ausschließliche Rechte zu übertragen und können vom Arbeitgeber ganz oder teilweise auch in Form einer ausschließlichen oder nicht ausschließlichen Berechtigung auf den Kunden oder auf Dritte nach Aufforderung durch den Kunden weiter übertragen werden.

10.5. All of the rights are exclusively assigned to Employer no later than the time of their creation and shall be assigned by Employer to Client or to other third parties upon Client's request, exclusively or non-exclusively.

10.6. Der Arbeitnehmer räumt dem Arbeitgeber das Recht ein, die von ihm geschaffenen Werke und sonstigen Leistungen zu bearbeiten und zu ändern sowie die bearbeiteten oder geänderten Werke zu vervielfältigen, zu veröffentlichen und zu verbreiten

10.6. Employee allows Employer to revise and change the works and to copy, publish and broadcast the revised works.

10.7. Eine Verpflichtung des Arbeitgebers zur Anmeldung oder Verwertung der Nutzungsrechte besteht nicht. Das dem Arbeitnehmer nach den Bestimmungen des Urheberrechtsgesetzes eventuell zustehende Rückrufrecht wegen Nichtausübung der jeweils übertragenen Nutzungsrechte ist für die Dauer von 5 Jahren ab deren Übertragung ausgeschlossen.

10.7. Employer is not obliged to register or exploit the rights of use. Employee’s right to call-back pursuant to the Copyright Law Act is excluded for a period of 5 years.

10.8. Der Arbeitnehmer ist im Rahmen seines Bestimmungsrechts gemäß §13 S. 2 UrhG damit einverstanden, dass eine Benennung und Bezeichnung des Arbeitnehmers als Urheber im Rahmen der Verwertung der vertragsgegenständlichen Rechte nicht erfolgt.

10.8. Employee agrees that he/she is not identified as the author in the course of the exploitation of the works in accordance with Sec. 13 sentence 2 UrhG.

10.9. Sämtliche von dem Arbeitnehmer etwa geschaffenen Werke und sonstigen Leistungen sind Bestandteil des Aufgabengebietes nach diesem Arbeitsvertrag. Diese Werke und sonstigen Leistungen und alle eventuellen Ansprüche des Arbeitnehmers für Einräumung bzw. Übertragung der Rechte nach diesem Arbeitsvertrag sind mit der monatlichen Bruttovergütung dieses Arbeitsvertrags vollständig abgegolten und zwar auch für die Zeit nach Beendigung des Arbeitsverhältnisses. §§ 32, 32a und 32c UrhG bleiben unberührt.

10.9. All created works and other services by Employee are part of the task and duties as defined in this employment agreement. These works and other services and all possible claims of Employee for granting or transferring the rights according to this employment agreement shall be fully covered by the gross monthly remuneration pursuant to this agreement, even for the period after termination of the employment relationship. §§ 32, 32a and 32c UrhG remain unaffected.

11. Einwilligung zur Verarbeitung personengebundener Daten

11. Consent to Processing of Personal Data

11.1. Der Arbeitgeber, seine verbundenen Unternehmen und der Kunde haben berechtigte und rechtmäßige Gründe zur Verarbeitung der personengebundenen Daten des Arbeitnehmers (einschließlich sensitiver personengebundener Daten) und zur Übermittlung der personengebundenen Daten des Arbeitnehmers zwischen ihnen und an ausgewählte Dritte. Derartige/s Verarbeiten und Übermittelungen finden innerhalb und außerhalb des Europäischen Wirtschaftsraums einschließlich in der und an die USA statt.

11.1. Employer, its affiliates, and the Client have legitimated and lawful reasons for processing Employee's personal data (including sensitive personal data) and for transferring Employee's personal data between them and to selected third parties. Such processing and transfers will take place inside and outside of the European Economic Area, including in and to the USA.

11.2. Ungeachtet dieser berechtigten und rechtmäßigen Gründe willigt der Arbeitnehmer darüber hinaus in die Verarbeitung der personengebundenen Daten des Arbeitnehmers (einschließlich sensitiver personengebundener Daten) durch den Arbeitgeber, seine verbundenen Unternehmen und den Kunden und Dritte innerhalb und außerhalb des Europäischen Wirtschaftsraums einschließlich in der und an die USA ein, die erforderlich ist zur/zum:

- Verwaltung des Gehalts, der Versorgungsleistungen und der Renten des Arbeitnehmers;
- Management des Arbeitnehmers;
- Verwaltung der Gesundheit des Arbeitnehmers zu Zwecken der Krankenversicherung/ Versorgungsleistungen;
- Schulung und Bewertung der Leistung des Arbeitnehmers (einschließlich der Leistungs- und Disziplinarakten);
- Überwachung der Chancengleichheit;

11.2. Notwithstanding these legitimate and lawful reasons, Employee additionally consents to the processing of Employee's personal data (including sensitive personal data) by the Employer, its affiliates, and the Client and third parties inside and outside the European Economic Area, including in and to the USA, necessary for:

- administrating Employee's salary, benefits and pensions;
- managing Employee;
- administrating Employee's health for the purposes of health insurance/benefits;
- training and evaluating the performance of Employee (including performance records and disciplinary records);
- monitoring equal opportunities;

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- Vollzug einer Ausstiegsklausel des Arbeitgebers oder des Kunden im Falle einer Firmenübernahme oder eines Betriebsübergangs und/oder das Bestimmen, ob eine derartige Firmenübernahme oder ein derartiger Betriebsübergang stattgefunden hat;
- Förderung und Vermarktung des Arbeitgebers und des Kunden und/oder deren Produkte oder Dienstleistungen;
- Sicherstellung der Einhaltung der maßgeblichen Gesetze und Bestimmungen;
- sonstige angemessene Zwecke im Zusammenhang mit dieser Vereinbarung und/oder Nebenabreden dazu, die dem Arbeitnehmer von Zeit zu Zeit mitzuteilen sind.

Der Arbeitnehmer bestätigt, dass die Verarbeitung dieser personenbezogenen Daten für den Vollzug dieser Vereinbarung und /oder Nebenvereinbarungen dazu erforderlich ist. Durch die Unterzeichnung dieser Vereinbarung **willigt der Arbeitnehmer ausdrücklich in die Verarbeitung dieser personenbezogenen Daten ein**.

11.3. Der Arbeitgeber ist verpflichtet, die in Paragraf 11.2 dieser Vereinbarung gennannten personenbezogen Daten an Velocity Global zu übermitteln, wobei diese juristische Person in den Vereinigten Staaten von Amerika gelegen ist. Der Arbeitnehmer bestätigt, dass die Übermittlung personengebundener Daten zum Vollzug dieser Vereinbarung und/oder Nebenvereinbarungen dazu erforderlich ist.

Durch die Unterzeichnung dieser Vereinbarung willigt der Arbeitnehmer ausdrücklich in die Verarbeitung dieser personenbezogenen Daten ein.

12. Telefon-, EDV- und E-Mail- Nutzung; Unterlagen

- executing a change of control of Employer or the Client, or a transfer of undertaking, and/or determining whether such a change of control or transfer of undertaking has taken place;
- promoting and marketing Employer and the Client and/or their products or services;
- ensuring compliance with applicable laws and regulations;
- any other reasonable purposes in connection with this Agreement and/or any ancillary agreements thereto, of which Employee shall be notified from time to time.

Employee acknowledges that the processing of this personal data is necessary for the execution of this Agreement and/or any ancillary agreements thereto. By signing this Agreement **Employee explicitly consents to the processing of this personal data.**

11.3. Employer shall transfer the personal data mentioned in section 11.2 of this Agreement to Velocity Global, which entity is situated in the United States of America. Employee acknowledges that the transfer of personal data is necessary for the execution of this Agreement and/or any ancillary agreements thereto.

By signing this Agreement Employee explicitly consents to the processing of this personal data.

12. Phone, IT-and E-Mail Use

12.1. Die Nutzung der Firmeninfrastruktur (wie. z.B. Internet, E-Mail, Fax, Telefon, Kopierer, etc.) des Arbeitgebers und des Kunden ist nur zu dienstlichen Zwecken erlaubt. Ausnahmen von dieser Regelung sind in jedem Einzelfall mit dem Arbeitgeber und dem Kunden abzustimmen.

12.1. The Employee is only permitted to use the Employer's and the Client's infrastructure (internet, e-mail, fax, phone, copiers) for business purposes. Exceptions from this rule might be agreed upon in each single case with Employer and the Client.

12.2. Alle Waren, Dokumente, Korrespondenz, sonstige Datenträger und Kopien davon, gleich welcher Art, die dem Arbeitnehmer vom Arbeitgeber oder vom Kunden zur Verfügung gestellt werden, sind und bleiben Eigentum des Arbeitgebers oder des Kunden, auch wenn die Dokumente, Korrespondenz, sonstige Datenträger und Kopien davon vom Arbeitnehmer erstellt oder an ihn adressiert sind.

12.2. All goods, documents, correspondence, other data carriers and copies thereof, regardless of their nature, that are made available to the Employee by the Employer or the Client, are and will remain the property of the Employer or the Client, even if the documents, correspondence, other data carriers and copies thereof, are produced by or addressed to the Employee.

12.3. Der Arbeitnehmer verpflichtet sich, alle ihm zur Verfügung gestellten oder sich sonst in seinem Besitz befindlichen Arbeitsmittel und Unterlagen des Arbeitgebers und des Kunden sowie sämtliche angefertigte Schriftstücke, Aufzeichnungen, Konzepte, welche den Arbeitgeber und/oder den Kunden betreffen, ordnungsgemäß aufzubewahren und insbesondere dafür zu sorgen, dass unbefugte Dritte nicht Einsicht nehmen können; gleiches gilt für Kopien und Datenträger. Dem Arbeitnehmer ist es untersagt, Kopien oder Abschriften von Unterlagen des Arbeitgebers oder des Kunden für private oder andere nicht dienstliche Zwecke anzufertigen.

12.3. Employee is obligated to keep all the provided work equipment, documents of Employer and the Client and any documents, notes, or drafts which relate to Employer or the Client in his possession in a proper way. In particular Employee ensures that unauthorized third parties don't have access to them. The same applies for copies or data media. Employee is prohibited to make copies or duplicates of the documents of Employer or the Client for private or any other non-business purposes.

13. Arbeitssicherheit

13. Workplace Safety

13.1. Der Arbeitnehmer verpflichtet sich, die Arbeitssicherheitsbestimmungen des Arbeitgebers und des Kunden zu beachten.

13.1. Employee is obligated to comply with the workplace safety regulations of Employer and the Client.

13.2. Er hat sich, wenn er beim Kunden tätig ist, über bestehende Schutzvorschriften selbständig zu informieren.

13.2. Employee has to inform himself about the security rules of the Client during engagement periods.

14. Freistellung

14.1. Im ungekündigten Anstellungsverhältnis ist der Arbeitgeber berechtigt, den Arbeitnehmer unter Fortzahlung der Bezüge von der Verpflichtung zur Erbringung der Arbeitsleistung widerruflich einseitig vorübergehend freizustellen, wenn hierfür ein sachlicher Grund, insbesondere ein grober Vertragsverstoß, der die Vertrauensgrundlage beeinträchtigt (z.B. Geheimnisverrat, Konkurrenztätigkeit) vorliegt.

14.2. Im Falle der Kündigung des Arbeitsverhältnisses – gleich von welcher Seite – ist der Arbeitgeber berechtigt, den Arbeitnehmer unter Fortzahlung seiner Bezüge von seiner Verpflichtung zur Erbringung der Arbeitsleistung unwiderruflich und unter Anrechnung auf noch offenstehende Urlaubsansprüche und etwaige Mehrarbeitsguthaben einseitig freizustellen, wenn hierfür ein sachlicher Grund vorliegt.

Der Resturlaub wird mit dem auf die Freistellung folgenden Tag angetreten und zusammenhängend genommen.

14.3. Der Arbeitgeber ist alternativ (zu 14.2) berechtigt den Arbeitnehmer im Fall der Kündigung des Arbeitsverhältnisses– gleich von welcher Seite –unter Fortzahlung seiner Bezüge von seiner Verpflichtung zur Erbringung der Arbeitsleistung widerruflich ohne Anrechnung auf Urlaubsansprüche einseitig freizustellen, wenn hierfür ein sachlicher Grund vorliegt.

14.4. Übersteigt die Freistellungszeit die Resturlaubsdauer, muss sich der Arbeitnehmer gegenüber dem Vergütungsanspruch dasjenige anrechnen lassen, was er durch anderweitigen Einsatz seiner Arbeitskraft erwirbt.

14.5. Ungeachtet des Vorstehenden bleiben das vertragliche sowie das gesetzliche Wettbewerbsverbot während der Freistellung bestehen.

14. Release from work

14.1. As long as no notice of termination was given for an employment relationship and if there is factual reason, such as gross misconduct which is affecting the basis of trust (e.g. disclosure of secrets, competition activities), then Employer is unilaterally entitled to revocable release Employee from his obligation to perform services under continued payment of remuneration, whereby this release is of temporary nature.

14.2. In the event of a termination of the employment relationship by either party, Employer shall be entitled to irrevocably release Employee from his obligation to perform services under continued payment, whereby this release is set-off against outstanding holiday entitlements and possible uncompensated overtime, provided that there is factual reason for this release.

The outstanding vacation commences the day after the suspension and will be taken in a continuous period of time.

14.3. In the event of a termination of the employment relationship Employer shall alternatively (to 14.2) be entitled to revocable release Employee from his obligation to perform services under continued payment of remuneration, whereby in this event, this release is not set-off against outstanding holiday entitlements provided that there is factual reason for this release.

14.4. If the time of release exceeds Employee’s outstanding holiday entitlements, Employee shall accept a reduction of his remuneration by the remuneration he elsewhere receives for his working capacity.

14.5. Notwithstanding the aforementioned, the contractual and statutory non-competition clause will remain also during the period of suspension.

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15. Herausgabe und Rückzahlung

15.1. Der Arbeitnehmer hat auf Verlangen des Arbeitgebers oder des Kunden - aber auch bei längerer Abwesenheit im Unternehmen wie im Falle von Kündigung, Freistellung oder Ähnlichem - sämtliche Arbeitsunterlagen, - mittel und - ergebnisse, insbes. auch Unterlagen, Urkunden, Aufzeichnungen, Notizen, Entwürfe oder hiervon gefertigte Durchschriften oder Kopien, gleichgültig auf welchem Datenträger, an den Arbeitgeber oder den Kunden zurück- bzw. herauszugeben. Bei Beendigung des Arbeitsverhältnisses hat er dies unaufgefordert zu tun.

15.2. Dieselbe Verpflichtung gilt hinsichtlich sämtlicher weiterer Sachen und Gegenstände, die im Eigentum des Arbeitgebers oder des Kunden stehen, wie beispielsweise Firmenfahrzeug, Berechtigungskarten, Schlüssel, Mobiltelefon, Laptop oder Ähnliches.

15.3. Die Pflichten gemäß 15.1 und 15.2 gelten entsprechend für Unterlagen, Sachen etc. des Kunden. Diese sind am Ende des jeweiligen Arbeitseinsatzes beim Kunden an diesen herauszugeben.

16. Merkblatt für Leiharbeitnehmer

16.1. Der Arbeitnehmer bestätigt, das Merkblatt für Leiharbeitnehmer der Bundesagentur für Arbeit erhalten zu haben

17. Ausschlussfristen/ Verfallsklausel

17.1. Alle Ansprüche, aus dem Arbeitsverhältnis müssen innerhalb einer Frist von <u>3 (drei) Monaten nach Fälligkeit</u> in Textform gegenüber der anderen Vertragspartei geltend gemacht werden. Erfolgt dies nicht, verfallen diese Ansprüche.

15. Return (of objects) and Repayment

15.1. Employee is obliged upon request of the Employer or the Client, or in the case of prolonged absence i.e. termination, release, etc. to return to Employer and/or its Client all work documents, work equipment, work results in particular documents, notes, drafts or copies thereof, regardless of which medium. Upon termination Employee is obliged to immediately return the aforementioned without being requested.

15.2. The same applies regarding all items which are in the property of Employer or the client, such as company car, authorization cards, keys, mobile work phone, notebook or similar.

15.3. The duties pursuant to 15.1 and 15.2 shall also apply for documents, items etc. of the Client. They have to be returned to the Client upon ending of the engagement.

16. Leaflet for leased employees

16.1. Employee confirms that he received the leaflet for leased employees of the Bundesagentur für Arbeit.

17. Waiver clause

17.1. Any claims resulting from the employment relationship have to be filed against the other party in text form <u>no later than 3 months after they are due</u>. All claims that are not filed in due time are subject to forfeiture.

17.2. Wird der Anspruch in Textform abgelehnt oder erfolgt auf die Geltendmachung des Anspruchs hin keine Erklärung in Textform innerhalb von 2 Wochen nach der Geltendmachung des Anspruchs, so verfällt der Anspruch, wenn er nicht <u>innerhalb von</u> <u>weiteren 3 (drei) Monaten</u> nach der Ablehnung in Textform bzw. des Verstreichens der 2-Wochen -Erklärungsfrist gerichtlich geltend gemacht wird.

17.2. If the claim is rejected in text form <u>or</u> if a response to the assertion in text form of the claim is not given within 2 weeks after the assertion of the claim, the claim is subject to forfeiture, unless the claim is brought before the courts <u>within another 3 months</u> from the refusal in written form or after expiry of the 2-week declaration period.

17.3. Die Parteien sind sich darüber einig, dass die vorgenannten Ausschlussfristen dazu dienen sollen möglichst zügig Rechtssicherheit und Rechtsfrieden herzustellen und ihnen daher im Zweifel eine möglichst große Reichweite zukommen soll, soweit dies rechtlich zulässig ist. Den Ausschlussfristen unterliegen daher keine gesetzlichen oder tariflichen Ansprüche auf die vertraglich nicht verzichtet werden kann, insbesondere nicht

17.3. The Parties agree that the above exclusion periods should serve to establish legal certainty and legal peace as quickly as possible and therefore, in case of doubt, should be as far-reaching as possible, insofar as this is legally permissible. Statutory claims or collectively agreed claims that cannot be waived contractually are not subject to the preclusion periods, in particular not,

17.3.1. Ansprüche des Arbeitnehmers auf einen gesetzlich vorgeschriebenen Mindestlohn,

17.3.1. Employee’s right to claim the statutory minimum wage,

17.3.2. Ansprüche, die auf strafbaren Handlungen oder unerlaubten Handlungen beruhen,

17.3.2. Claims based on criminal offences or unlawful acts,

17.3.3. Ansprüche aufgrund einer Haftung einer Partei für Schäden aus der Verletzung des Lebens, des Körpers oder Gesundheit, die auf einer fahrlässigen Pflichtverletzung einer Partei oder einer vorsätzlichen oder fahrlässigen Pflichtverletzung eines gesetzlichen Vertreters oder Erfüllungsgehilfen einer Partei beruhen,

17.3.3. any claims of a party based on liabilities for damages in case of death, physical injury or damages to health resulting from a negligent breach of duty of a party or an intentional or negligent breach of duty of a legal representative or an agent of a party,

17.3.4. Ansprüche, die auf vorsätzlichen oder grob fahrlässigen Pflichtverletzungen einer Partei oder einer vorsätzlichen oder grob fahrlässigen Pflichtverletzung eines gesetzlichen Vertreters oder Erfüllungsgehilfen einer Partei beruhen, und

17.3.4. claims based on intentional or grossly negligent breaches of duty of a party or on intentional or grossly negligent breaches of duty by the legal representative or agent of a party

17.3.5. Ansprüche auf vertraglich nicht abdingbare gesetzliche Mindestarbeitsbedingungen

17.3.5. rights to minimum statutory working conditions which are not contractually binding and

18. Formerfordernis

18.1. Änderungen, Ergänzungen und die Aufhebung dieses Vertrages bedürfen zu ihrer Wirksamkeit der Schriftform. Dies gilt auch für die Änderung dieser Formklausel selbst. Ausgeschlossen sind damit insbesondere Vertragsänderungen durch betriebliche Übung.

18.2. Die vorstehende Formerfordernis findet keine Anwendung bei Abreden, die nach Vertragsschluss unmittelbar zwischen den Parteien mündlich getroffen werden.

18.3. Mündliche Nebenabreden bestehen nicht.

18. Form Requirement

18.1. Amendments of, supplements to, and the cancellation of this agreement, as well as changes to this clause, shall be made in written form. Amendments to the agreement due to company practice are particularly excluded.

18.2. The aforementioned form requirement does not apply to oral agreements which are made after the signing of the employment contract.

18.3. Verbal side agreements do not exist.

19. Sonstige Vereinbarungen

19.1. Sollten eine oder mehrere Bestimmungen dieser Vereinbarung unwirksam sein oder werden, so wird dadurch die Wirksamkeit der übrigen Bestimmungen nicht berührt.

19.2. Die Vertragsparteien sind im Falle einer unwirksamen Bestimmung verpflichtet, über eine wirksame und zumutbare Ersatzregelung zu verhandeln, die dem von den Vertragsparteien mit der unwirksamen Bestimmung verfolgten wirtschaftlichen Zweck möglichst nahekommt.

19.3. Die Vereinbarung ist allein in deutscher Sprache maßgeblich. Die englische Übersetzung dient alleine Informationszwecken.

20. Keine Anwendbarkeit von Tarifverträgen

Auf das Arbeitsverhältnis sind keine Tarifverträge anwendbar.

21. Anwendbarkeit deutschen Rechts

Deutsches Recht ist auf dieses Arbeitsverhältnis und alle daraus resultierenden Ansprüche anwendbar.

19. Other Agreements

19.1. If one or several provisions of this agreement are or become invalid, the effectiveness of the remaining contractual provisions shall thereby remain unaffected.

19.2. To the extent permitted by law, the courts in Germany shall have jurisdictions for all disputes under or in relation to this agreement. The same applies in case Employee has transferred his place of residence or main residence to a foreign country or if his place of residence or main residence is unknown when filing the action.

19.3. Only the German version of this agreement shall be binding. The English translation serves for information purposes only.

20. No Applicable Collective Bargaining Agreements

The employment relationship is not governed by collective bargaining agreements.

21. Applicable Law

German law is applicable to this employment relationship and all claims resulting thereof.

Wijnegen 18 oktober 2022	Pi Zheng 18 October 2022
Ort/Place, Datum/Date	Ort/Place, Datum/Date
/s/ Helen van der Corput	/s/ Pi Zheng
ppa. Helen van der Corput *Prokurist* **Velocity Global GmbH**	**Pi Zheng**

Anlage 1/ Attachment 1 Arbeitnehmerüberlassungserlaubnis/ Employee Leasing Permit

Anlage 2/ Attachment 2: Merkblatt der Bundesagentur für Arbeit/ Leaflet of the Federal Employment Agency

Anlage 3/ Attachment 3: Wesentliche Arbeitsbedingungen des Kunden/ Key conditions of Client

Anlage 4/ Attachment 4: Stellenbeschreibung/ Job description

Anlage 3/ Attachment 3

Wesentliche Arbeitsbedingungen beim Kunden **SomaLogic, INC., 2945 Wilderness Pl Boulder CO 80301 United States of America** für eine Tätigkeit als **Vice President, Internal Audit.**
/
Key conditions of the Client **SomaLogic, INC., 2945 Wilderness Pl Boulder CO 80301 United States of America** for an Employee in the position of **Vice President, Internal Audit.**

Wesentliche Arbeitsbedingungen/ Key working conditions:

<u>Vergütung/ Remuneration:</u>

Bruttolohn	Gross salary	EUR 23,066.84 per month EUR 23.066,84 pro Monat
Sonderzahlungen	Additional Payments	Telekom Zuschlag EUR 98.83 brutto pro Monat / Telecom Allowance EUR 98.83 per month gross

Variable Vergütung	Variable remuneration	In the variable compensation plan the Employee will be eligible for incentive payments that will be delivered on or around January 2023. The preliminary conditions of the variable compensation which might be subject to further changes are as follows: Starting January 1st 2023, the Employee will be eligible for an additional bonus equal to 25% of the gross annual salary based on eligible wages to be paid on or around April 2024 subject to the goals and discretion of the Company/ Im Variable Vergütungs Plan wird der Mitarbeiter Förderfähig zur variablen Vergütung, die am oder um Januar 2023 geliefert werden. Die vorläufigen Bedingungen der variablen Vergütung, die weiteren Änderungen unterliegen könnten, lauten wie folgt: Ab dem 1. Januar 2023 hat der Mitarbeiter Anspruch auf einen zusätzlichen Bonus in Höhe von 25 % des Bruttojahresbetrags Gehalt basierend auf anrechnungsfähigen Löhnen, die am oder um April 2024 zu zahlen sind, vorbehaltlich der Ziele und des Ermessens des Unternehmens.

Velocity Global™

Arbeitszeit/ Working Time:

Regelmäßige wöchentliche Arbeitszeit	Regular working hours per week	40 Stunden/ hours
Überstunden	Overtime	Alle Stunden mit Gehalt abgegolten/ all hours compensated with salary
Pausen	Breaks	Gesetzlich/ statutory
Ruhezeiten	Rest periods	Gesetzlich/ statutory

Urlaub/ Vacation:

Urlaub	Vacation days	25 days

Feiertage/ Bank Holidays:	Basierend auf dem Wohnort des Arbeitnehmers/based on the place of residence of the employee

Arbeitsort/ Place of work

Arbeitsort/ Place of work	Home office soweit nicht anderweitig vom Kunden angewiesen/ Home office as long as not otherwise instructed by the Client
Kosten für das Home-Office/ Costs for the home-office	Werden gegen Vorlage von Belegen erstattet/ will be reimbursed upon presentation of a receipt

Anlage 4/ Attachment 4: Stellenbeschreibung/ Job description

English:

- Develop and lead an Internal Audit by implementing action plans related to risk assessment and annual planning, audit execution, audit reporting, staff recruiting and development, third party coordination, audit technology, and Audit Committee reporting.
- Oversee the execution of individual audits defined in the audit plan ensuring the highest level of service quality and client satisfaction.
- Work with the internal team and external partners to document and assess current processes, identify key risk areas and potential control gaps, and establish a framework to insert the necessary internal controls.
- Coordinate staffing and/or RFPs for third parties to execute audit plan.
- Issue all Internal Audit reports ensuring the reports are clear, concise, identify root causes with practical solutions and delivers value to management.
- Meet regularly with the Audit Committee to report the status of Internal Audit's ongoing monitoring activities, inform of internal and external emerging risks and/or exposures that should be considered
- Proactively inform senior management of significant risk exposures related to internal controls, compliance, and/or governance requiring attention.
- Recommends revision and/or additions to policies and procedures to improve operations as well as internal controls.
- Work with external auditors to support their understanding and testing of internal controls
- Manage and oversee control implementation and process improvement across the Company's accounting, financial reporting and IT processes
- Manage and oversee the ongoing internal controls function as designed by partnering with management to ensure internal controls are being performed, working appropriately and are appropriately evolving with changes in the business
- Provide support to management in the remediation of identified control weaknesses
- Actively participate in meetings to ensure that Internal Audit is well-informed of key business developments that could have an impact on audit priorities and plans.
- Maintain a team of high-performing audit professionals who possess outstanding knowledge, experience, ethics, and integrity.
- Maintain open communication with management and Audit Committee
- Engage to continuous knowledge development regarding regulations, best practices, tools, techniques and performance standards.

German:

- Entwickeln und leiten Sie eine interne Revision, indem Sie Aktionspläne in Bezug auf Risikobewertung und Jahresplanung, Prüfungsdurchführung, Prüfungsberichterstattung, Personalrekrutierung und -entwicklung, Koordination durch Dritte, Prüfungstechnologie und Berichterstattung des Prüfungsausschusses implementieren.
- Beaufsichtigung der Durchführung einzelner Audits, die im Auditplan definiert sind, um ein Höchstmaß an Servicequalität und Kundenzufriedenheit zu gewährleisten.
- Arbeiten Sie mit dem internen Team und externen Partnern zusammen, um aktuelle Prozesse zu dokumentieren und zu bewerten, wichtige Risikobereiche und potenzielle Kontrolllücken zu identifizieren und einen Rahmen für die Einführung der erforderlichen internen Kontrollen zu schaffen.
- Koordinieren Sie Personal und/oder RFPs für Dritte, um den Auditplan auszuführen.
- Stellen Sie alle internen Revisionsberichte aus und stellen Sie sicher, dass die Berichte klar und präzise sind, die Grundursachen mit praktischen Lösungen identifizieren und dem Management einen Mehrwert bieten.

- Treffen Sie sich regelmäßig mit dem Prüfungsausschuss, um über den Status der laufenden Überwachungstätigkeiten der Internen Revision zu berichten und über interne und externe neu auftretende Risiken und/oder Engagements zu informieren, die berücksichtigt werden sollten
- Informieren Sie die Geschäftsleitung proaktiv über signifikante Risiken im Zusammenhang mit internen Kontrollen, Compliance und/oder Governance, die Aufmerksamkeit erfordern.
- Empfiehlt die Überarbeitung und/oder Ergänzung von Richtlinien und Verfahren zur Verbesserung der Betriebsabläufe sowie der internen Kontrollen.
- Arbeiten Sie mit externen Prüfern zusammen, um deren Verständnis und Prüfung der internen Kontrollen zu unterstützen
- Verwaltung und Kontrolle der Implementierung und Prozessverbesserung in den Buchhaltungs-, Finanzberichterstattungs- und IT-Prozessen des Unternehmens
- Verwalten und beaufsichtigen Sie die laufenden internen Kontrollfunktionen, wie sie in Zusammenarbeit mit dem Management entwickelt wurden, um sicherzustellen, dass die internen Kontrollen durchgeführt werden, angemessen funktionieren und sich bei Veränderungen im Unternehmen angemessen weiterentwickeln
- Unterstützung des Managements bei der Behebung identifizierter Kontrollschwächen
- Nehmen Sie aktiv an Besprechungen teil, um sicherzustellen, dass die Interne Revision über wichtige geschäftliche Entwicklungen informiert ist, die sich auf Prüfungsprioritäten und -pläne auswirken könnten.
- Ein Team aus leistungsstarken Prüfungsfachleuten aufrechterhalten, die über herausragendes Wissen, Erfahrung, Ethik und Integrität verfügen.
- Pflegen Sie eine offene Kommunikation mit dem Management und dem Prüfungsausschuss
- Beteiligen Sie sich an der kontinuierlichen Wissensentwicklung in Bezug auf Vorschriften, Best Practices, Tools, Techniken und Leistungsstandards.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Adam Taich, certify that:

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

SomaLogic, Inc.

Date:	May 15, 2023		*/s/ Adam Taich*
		Name:	Adam Taich
		Title:	Interim Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Shaun Blakeman, certify that:

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

SomaLogic, Inc.

Date:	May 15, 2023		*/s/ Shaun Blakeman*
		Name:	Shaun Blakeman
		Title:	Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SomaLogic, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adam Taich, Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

SomaLogic, Inc.

Date:	May 15, 2023		*/s/ Adam Taich*
		Name:	Adam Taich
		Title:	Interim Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SomaLogic, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shaun Blakeman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

SomaLogic, Inc.

Date:	May 15, 2023		*/s/ Shaun Blakeman*
		Name:	Shaun Blakeman
		Title:	Chief Financial Officer