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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026
OR

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

For the transition period from _____ to _____

Commission file number 001-42934

BillionToOne, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**81-1082020**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1035 O'Brien Drive	
Menlo Park, CA	**94025**
(Address of Principal Executive Offices)	(Zip Code)

(650) 460-2551
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.00001 per share	BLLN	The Nasdaq Stock Market LLC

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 Act).

Yes ☐ No ☒

As of August 3, 2026, there were 42,644,388 shares of Class A common stock and 4,542,650 shares of Class B common stock, each with a par value $0.00001 per share, outstanding.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future operating results and financial position, our business strategy and plans, our market growth, and our objectives for future operations, are forward-looking statements.

The words "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect," "forecast," "could," "plan," "potential," "predict," "seek," "target," "should," "would," or the negative version of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- the level of demand for any of our products, which may vary significantly;
- our ability to increase the adoption of our products in the prenatal and oncology markets and in large healthcare systems;
- our ability to generate persuasive clinical validity and utility evidence;
- our ability to expand our portfolio of molecular diagnostic tests;
- our ability to use AI effectively and efficiently;
- our ability to execute our reimbursement strategy and expand coverage of our tests;
- our ability to replicate positive results from trials or studies conducted by us or third parties in current or future trials or studies;
- the potential for our UNITY Fetal Antigen CTA to become the first non-invasive prenatal test (NIPT) to have a companion diagnostics indication pending;
- the successful completion of Johnson & Johnson's AZALEA Phase 3 clinical trial;
- the implementation of our business model and strategic plans;
- our ability to realize the benefits of current and future collaborations for the development of our products;
- our ability to maintain, expand and protect our intellectual property;
- developments relating to our competitors and our industry, including with respect to the possibility of competitors initiating legal proceedings against us;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- general economic, industry, and market conditions, including tariffs or other trade actions, inflation and war;
- our ability to attract, hire, and retain our key personnel and additional qualified personnel;
- our anticipated use of our existing cash and cash equivalents;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to remediate the material weaknesses in our internal control over financial reporting or additional material weaknesses or other deficiencies in the future or to maintain effective disclosure controls and procedures and internal control over financial reporting; and
- other risks and uncertainties, including those listed in the section titled "Risk Factors."

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled "Risk Factors." Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements. The forward-looking statements made in this Quarterly Report are given only as of the date on which the statements are made. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report or to conform these statements to actual results or to changes in our expectations, except as required by law.

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

You should read this Quarterly Report and the documents that we reference in this Quarterly Report and have filed as exhibits with the understanding that our actual future results, levels of activity, performance and achievements may be different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Part I - Financial Information

Item 1. Financial Statements (Unaudited)

BillionToOne, Inc.
Balance Sheets
(in thousands, except share amounts, unaudited)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 548,628	$ 495,975
Accounts receivable	74,894	41,617
Inventories	21,135	17,545
Prepaid expenses and other current assets	6,719	5,421
Total current assets	651,376	560,558
Property and equipment, net	24,932	20,361
Operating lease right-of-use assets, net	47,829	46,742
Other non-current assets	5,559	4,993
Total assets	$ 729,696	$ 632,654
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 12,205	$ 7,184
Accrued expenses and other current liabilities	12,603	7,247
Accrued commissions	3,833	3,912
Accrued compensation and employee benefits	18,000	12,551
Common stock warrant liability	-	9,282
Deferred revenue, current	2,328	2,188
Operating lease liabilities, current	6,343	5,079
Financing lease liabilities, current	413	519
Total current liabilities	55,725	47,962
Operating lease liabilities, non-current	45,981	45,723
Financing lease liabilities, non-current	153	348
Deferred revenue, non-current	-	1,290
Long-term debt	91,031	57,226
Total liabilities	192,890	152,549
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Class A common stock, $0.00001 par value, 800,000,000 shares authorized as of June 30, 2026 and December 31, 2025; 42,283,900 and 41,252,105 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	-	-
Class B common stock, $0.00001 par value; 10,000,000 shares authorized as of June 30, 2026 and December 31, 2025; 4,542,650 and 4,552,650 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	-	-
Additional paid-in capital	787,321	756,644
Accumulated other comprehensive loss	(1,792)	(1,792)
Accumulated deficit	(248,723)	(274,747)
Total stockholders' equity	536,806	480,105
Total liabilities and stockholders' equity	$ 729,696	$ 632,654

The accompanying notes are an integral part of these interim financial statements.

BillionToOne, Inc.
Statements of Operations and Comprehensive Income (Loss)
(in thousands, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 109,448	$ 66,573	$ 217,836	$ 125,536
Cost of revenue	32,341	23,107	61,633	44,098
Gross profit	77,107	43,466	156,203	81,438
Operating expenses:				
Research and development	17,315	11,751	32,007	22,181
Selling, general and administrative	54,289	33,342	100,859	63,199
Total operating expenses	71,604	45,093	132,866	85,380
Income (loss) from operations	5,503	(1,627)	23,337	(3,942)
Other income (expense):				
Interest income	4,694	1,451	9,339	2,957
Interest expense	(8)	(32)	(18)	(72)
Change in fair value of term loan	(2,968)	(10)	(7,229)	(3,102)
Other income (expense), net	297	(14)	598	39
Total other income (expense)	2,015	1,395	2,690	(178)
Income (loss) before provision for income taxes	7,518	(232)	26,027	(4,120)
Provision for income taxes	(536)	14	3	114
Net income (loss) and comprehensive income (loss)	$ 8,054	$ (246)	$ 26,024	$ (4,234)
Net income (loss) per share, basic and diluted:				
Net income (loss) per share, basic	$ 0.17	$ (0.02)	$ 0.56	$ (0.41)
Net income (loss) per share, diluted	$ 0.15	$ (0.02)	$ 0.48	$ (0.41)
Weighted-average shares used in calculating net income (loss) per share, basic and diluted:				
Weighted-average shares used in calculating net income (loss) per share, basic	46,403,350	10,385,000	46,169,335	10,349,146
Weighted-average shares used in calculating net income (loss) per share, diluted	54,455,523	10,385,000	53,743,241	10,349,146

The accompanying notes are an integral part of these interim financial statements.

BillionToOne, Inc.
Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
(in thousands, except share data, unaudited)

Three Months Ended June 30, 2026

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at March 31, 2026	-	$ -	45,980,892	$ -	$ 764,189	$ (1,792)	$ (256,777)	$ 505,620
Issuance of Class A common stock upon exercise of stock options	-	-	732,542	-	6,430	-	-	6,430
Stock-based compensation	-	-	-	-	7,482	-	-	7,482
Exercise of Class A common stock warrants	-	-	113,116	-	9,220	-	-	9,220
Net income	-	-	-	-	-	-	8,054	8,054
Balance at June 30, 2026	-	$ -	46,826,550	$ -	$ 787,321	$ (1,792)	$ (248,723)	$ 536,806

Three Months Ended June 30, 2025

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at March 31, 2025	29,084,235	$ 419,409	11,056,337	$ -	$ 33,284	$ -	$ (286,189)	$ (252,905)
Issuance of common stock upon exercise of stock options	-	-	28,707	-	166	-	-	166
Stock-based compensation	-	-	-	-	2,732	-	-	2,732
Net loss	-	-	-	-	-	-	(246)	(246)
Balance at June 30, 2025	29,084,235	$ 419,409	11,085,044	$ -	$ 36,182	$ -	$ (286,435)	$ (250,253)

Six Months Ended June 30, 2026

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2025	-	$ -	45,804,755	$ -	$ 756,644	$ (1,792)	$ (274,747)	$ 480,105
Issuance of Class A common stock upon exercise of stock options	-	-	908,679	-	7,685	-	-	7,685
Stock-based compensation	-	-	-	-	13,772	-	-	13,772
Exercise of Class A common stock warrants	-	-	113,116	-	9,220	-	-	9,220
Net income	-	-	-	-	-	-	26,024	26,024
Balance at June 30, 2026	-	$ -	46,826,550	$ -	$ 787,321	$ (1,792)	$ (248,723)	$ 536,806

Six Months Ended June 30, 2025

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	29,084,235	$ 419,409	10,925,950	$ -	$ 30,545	$ -	$ (282,201)	$ (251,656)
Issuance of common stock upon exercise of stock options	-	-	159,094	-	531	-	-	531
Stock-based compensation	-	-	-	-	5,106	-	-	5,106
Net loss	-	-	-	-	-	-	(4,234)	(4,234)
Balance at June 30, 2025	29,084,235	$ 419,409	11,085,044	$ -	$ 36,182	$ -	$ (286,435)	$ (250,253)

The accompanying notes are an integral part of these interim financial statements.

BillionToOne, Inc.
Statements of Cash Flows
(in thousands, unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	$ 26,024	$ (4,234)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Stock-based compensation	14,726	5,106
Depreciation and amortization	3,567	3,540
Amortization of operating right-of-use assets	2,819	2,455
Loss on disposal of fixed assets	64	3
Change in fair value of common stock warrant liability	(62)	(63)
Change in fair value of redeemable convertible preferred stock warrant liability	-	21
Change in fair value of term loan	3,805	591
Changes in operating assets and liabilities:		
Accounts receivable	(33,277)	(5,729)
Inventories	(3,590)	(5,002)
Prepaid expenses and other current assets	(1,025)	2,417
Other non-current assets	(566)	(2,698)
Accounts payable	4,866	3,313
Accrued expenses and other current liabilities	6,333	2,393
Accrued commissions	(79)	216
Accrued compensation and employee benefits	4,495	4,207
Deferred revenue	(1,150)	(590)
Operating lease liabilities	(2,384)	(2,139)
Net cash provided by operating activities	24,566	3,807
Cash flows from investing activities:		
Purchases of property and equipment	(8,520)	(5,221)
Net cash used in investing activities	(8,520)	(5,221)

BillionToOne, Inc.
Statements of Cash Flows
(in thousands, unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from financing activities:		
Proceeds from issuance of debt	30,000	-
Principal payments on finance lease liabilities	(301)	(1,011)
Payment of deferred offering costs	(504)	(625)
Proceeds from exercise of stock options	7,412	531
Net cash provided by (used in) financing activities	36,607	(1,105)
Net increase (decrease) in cash and cash equivalents	52,653	(2,519)
Cash and cash equivalents at beginning of period	495,975	191,477
Cash and cash equivalents at end of period	$ 548,628	$ 188,958
Supplemental cash flow disclosure:		
Cash payments for interest	$ 3,442	$ 2,583
Cash paid for income taxes	$ 173	$ 444
Supplemental non-cash investing and financing activities:		
Purchases of property and equipment in accounts payable and accrued expenses and other current liabilities	$ 2,073	$ 1,365
Deferred offering costs in accounts payable and accrued expenses and other current liabilities	$ -	$ 1,916
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 4,010	$ -
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,647	$ 4,391
Net exercise of Class A common stock warrants	$ 9,220	$ -
Operating cash flows from financing leases (interest paid)	$ 18	$ 68
Exercise of stock options for which cash had not been received	$ 276	$ -

The accompanying notes are an integral part of these interim financial statements.

BillionToOne, Inc.
Notes to Unaudited Interim Financial Statements

(1) Description of Business

BillionToOne, Inc. (the “Company”) was formed in 2016 and is headquartered in Menlo Park, California. The Company is a precision diagnostics company that quantifies biology to create molecular diagnostics. The Company’s proprietary molecular counting platform is designed to detect and measure DNA molecules at the single-count level to help improve disease detection. The Company currently applies the proprietary technology to non-invasive prenatal screening (“Prenatal”) and liquid biopsy (“Oncology”).

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany transactions and balances have been eliminated upon consolidation.

The unaudited interim financial statements should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2025 included in the Company’s Annual Report on Form 10-K filed with the SEC on March 11, 2026.

For a summary of the Company’s significant accounting policies refer to “Note 2. Summary of Significant Accounting Policies” in the notes to the financial statements as of and for the year ended December 31, 2025 included in the Company’s Annual Report on Form 10-K. There have been no significant changes to these policies during the six months ended June 30, 2026.

Unaudited interim financial information

The unaudited financial statements do not include all disclosures, including certain notes required by GAAP on an annual reporting basis. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements. In management’s opinion, the unaudited financial statements reflect all normal recurring adjustments necessary to state fairly the balance sheets, statements of operations and comprehensive income (loss), statements of redeemable convertible preferred stock and stockholders’ equity (deficit), and statements of cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full fiscal year or any future period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On a regular basis, management evaluates estimates, including, but not limited to: stock-based compensation, deferred tax assets and liabilities, useful lives of long-lived assets, the incremental borrowing rate applied to operating and finance leases, determination of revenue recognition and accounts receivable, and valuation of debt and common stock warrants. These estimates are inherently subject to judgment and actual results could differ from those estimates.

Risks and Uncertainties

Certain of the Company’s product candidates are in development. If the Company is unable to advance its product candidates through development, clinical validation and ultimately commercialize its product candidates, or experiences significant delays in doing so, the Company’s business will be materially harmed. Even if the Company completes the necessary validation studies and product development, the process to meet any applicable regulatory requirements can be expensive. As a result, the Company cannot predict when, or if, it will be able to commercialize a product candidate.

The Company is subject to certain risks and uncertainties that the Company believes could have a material adverse effect on its future financial position or results of operations. As of the date of issuance of the financial statements, the Company is not aware of any specific event or circumstance that would require it to update its estimates, judgments, or the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information is obtained and are recognized in the financial statements as soon as they become known. Actual results could differ from those estimates, and any such differences may be material to the Company’s financial statements.

The Company is subject to regulation and enforcement by the federal government and by authorities in state and foreign jurisdictions in which the Company conducts business. Such laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security laws and regulations. If the Company’s operations are found to be in violation of any such laws or government regulations that apply to use, the Company may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of operations and exclusion from participation in federal and state healthcare programs.

Revenue

The Company recognizes revenue upon transfer of control of promised goods and services in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods and services. Under ASC 606—Revenue from Contracts with Customers ("ASC 606"), the Company applies the following five-step approach:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when, or as, a performance obligation is satisfied

The Company generates revenue primarily from prenatal and oncology testing services, which are referred to as testing services or test results. The Company considers the patient as its customer, that requests a test service through their physician. Test results are the single performance obligation being provided to customers. Testing service revenue is recognized at a point in time when test results are delivered to the ordering physician. The Company generally bills an insurance carrier, Medicaid, Medicare, the patient, or a combination upon delivery of test results.

The Company enters into contracts with third-party payors, including insurance carriers, Medicaid and Medicare, to set the pricing for tests provided to patients. Due to the nature of these third-party payor contract arrangements, the total consideration the Company expects to collect for test results is variable as they are dependent on the terms negotiated with the third-party payor. The predominance of the Company’s revenue is derived from payments by third-party insurance carriers.

The Company uses the expected value method of estimating variable consideration. The total consideration the Company expects to collect in exchange for the Company’s products is an estimate and is largely variable in nature. Consideration includes reimbursement from both patients and third-party payors. The Company establishes variable consideration by considering historical payment trends for tests delivered, test reimbursement disallowances, and contractual arrangements in place, among other factors, which is adjusted for current expectations. Current expectations of cash collections factor in changes in reimbursement rate trends, historical events not expected to recur, and future known changes such as anticipated contractual pricing changes or changes to insurance coverage. The Company also considers hindsight, where applicable, in estimates established for variable consideration and updates those estimates when actual experience supports doing so. In establishing variable consideration, the Company considers payors with similar reimbursement characteristics together. The Company monitors the cash collections against the estimated variable consideration over the expected cash collection period and any difference is recognized as an adjustment to estimated revenues after such estimated cash collection period has closed.

In January 2023, the Company entered a partnership with Johnson & Johnson ("J&J") under which the Company is licensing the Company’s proprietary knowledge, performing clinical trial support services including developing a clinical study assay, and other testing services to support a clinical trial for the counterparty. In March 2026, the Company amended and restated the agreement governing the partnership with J&J to amend pricing and extend the term of the agreement, the extension is expected to have a duration of approximately three years. The Company concluded that the agreement and the amended agreement with J&J were within the scope of ASC 606 because the counterparty in the agreement meets the definition of a customer. The Company evaluated the terms of the agreement for revenue recognition, including whether the services are capable of being distinct and considered distinct within the context of the contract. The Company concluded that the licensing of the know how is not distinct from the other promises within the agreement and, as a result, was treated as a single performance obligation. Under this contract, the Company receives payments upon the achievement of milestones, including (i) receipt of approval of the trial, which was achieved in 2023, (ii) various patient enrollment milestones, and (iii) subsequent full trial completion, as well as reimbursement for testing services. In making an assessment of whether variable consideration should be included in the transaction price, the Company considers the degree of complexity and uncertainty associated with each milestone and related testing services, and whether achievement of the milestones and testing services are dependent on parties other than the Company.

In July 2025, the Company entered into a partnership with J&J for the development and commercialization of a companion diagnostic (CDx), intended for use with a new drug candidate of J&J. The Company is providing services related to regulatory filings to support companion diagnostic submissions for the Company’s assay. The development and regulatory support services represent a single performance obligation as the Company performs a significant integration service, such as analytical validation and regulatory submissions. The individual promises are not separately identifiable from other promises in the contract, and therefore, not distinct. The Company receives payment from achievement of milestones, including (i) various CDx development milestones, (ii) FDA regulatory submission and pre-approval, and (iii) CDx approval by FDA. For the companion diagnostic development and regulatory approval performed, the Company is compensated through a combination of an upfront fee and performance-based, non-refundable regulatory and development milestones. The transaction price represents variable consideration and the Company uses the most likely amount to estimate variable consideration. Application of the constraint for variable consideration to milestone payments is an area that requires significant judgment. The Company evaluates factors such as the scientific, clinical, regulatory, and other risks that must be managed to achieve the respective milestone and the level of effort and investment required to achieve the respective milestone. In making this assessment, the Company considers its historical experience with similar milestones, the degree of complexity and uncertainty associated with each milestone, and whether the achievement of the milestone is dependent on parties other than the Company. The constraint for variable consideration is applied to the contract price such that it is probable a significant cumulative reversal of revenue will not occur when the uncertainty associated with the contingency is resolved. Application of the constraint for variable consideration is assessed and updated at each reporting period as a revision to the estimated transaction price.

The Company recognizes revenue for the single performance obligation for each of the J&J partnership agreements over the period the services are provided. Specifically, the Company recognizes revenue using an input method to measure progress, utilizing costs incurred to-date relative to the total expected costs as a measure of progress. The Company assesses the changes to the total expected cost estimates in determining the revenue recognition for each reporting period.

The Company applies the practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. As of June 30, 2026, the Company’s remaining performance obligations beyond one year were approximately $6.2 million.

Disaggregation of revenue

The following table presents disaggregation of revenue by Prenatal, Oncology and Clinical trial support and other services for the three and six months ended June 30, 2026 and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Prenatal	$ 94,248	$ 60,852	$ 190,773	$ 116,929
Oncology	13,663	4,947	24,383	7,123
Clinical trial support and other services	1,537	774	2,680	1,484
Total revenues	$ 109,448	$ 66,573	$ 217,836	$ 125,536

Substantially all revenues recognized for the three and six months ended June 30, 2026 and 2025 were generated in the United States.

Revenue related to performance obligations satisfied in prior periods

For the three months ended June 30, 2026 and 2025, the Company recorded $2.8 million and $2.1 million, respectively, and for the six months ended June 30, 2026 and 2025, the Company recorded $12.0 million and $4.6 million, respectively, of revenue related to performance obligations satisfied in prior periods.

In the first quarter of 2026, the Company entered into new agreements with payors that resulted in an increase of revenue related to expected payments on the reprocessing of claims through the date of the agreements, including claims from the year ended December 31, 2025. Revenue related to services performed during the year ended December 31, 2025 that were covered by these payors contributed slightly less than half of the $12.0 million in revenue related to performance obligations satisfied in prior periods for the six months ended June 30, 2026.

Deferred revenue

Deferred revenue, which is a contract liability, consists of billings or cash received for services in advance of revenue recognition and is recognized as revenue when all the Company's revenue recognition criteria are met. As of June 30, 2026 and December 31, 2025, the deferred revenue balance was $2.3 million and $3.5 million, respectively. All deferred revenue as of June 30, 2026 was classified as current. As of December 31, 2025, $1.3 million of the deferred revenue balance was classified as non-current and $2.2 million was classified as current. For the three months ended June 30, 2026 and 2025, the Company recognized revenue from deferred revenue at the beginning of the period of $0.9 million and $0.8 million, respectively, and for the six months ended June 30, 2026 and 2025, recognized revenue from deferred revenue at the beginning of the period of $1.9 million and $1.5 million, respectively.

Comprehensive Income (Loss)

During the three and six months ended June 30, 2026 and 2025, the Company did not have any other comprehensive income (loss) and, therefore, the net income (loss) and comprehensive income (loss) was the same.

Segment information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and assess performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information presented on a company-wide basis to make operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it is managed as one operating segment and one reportable segment.

Key areas of focus for the CODM when making decisions on the allocations of resources is cash used in operations as well as revenue, gross margin and net income (loss) and comprehensive income (loss); this information is used by the CODM and compared to budgeted amounts in order for the CODM to make decisions on how resources should be allocated across the organization. The Company’s segment measure of profitability is net income (loss) and comprehensive income (loss).

Segment revenues are predominantly derived from prenatal and oncology testing results, leveraging the Company’s diagnostic technology platform, which are delivered to patients, who are the Company’s customer. The Company’s customers are predominantly located in the United States. Substantially all of the Company’s long-lived assets are located in the United States. The Company’s technology platform is applied similarly in both the prenatal and oncology settings.

The financial statements provide the CODM with a view of the Company’s financial condition as it pertains to the Company’s assets, liabilities and expenses. Significant expense categories align with the expense categories and amounts presented on the statements of operations and comprehensive income (loss).

Recently Adopted Accounting Pronouncements

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides for a practical expedient to estimate credit losses related to accounts receivable and contract assets from revenue contracts accounted for in accordance with ASC 606 using information as of the balance sheet date. The Company adopted this ASU effective for the Company’s fiscal year beginning January 1, 2026 and it did not have a material impact on the Company’s financial statements and related disclosures.

Recently Issued Accounting Pronouncements not yet Adopted

In November 2024 and January 2025, the FASB issued ASU 2024-03 and ASU 2025-01, respectively, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure in the notes to the financial statements of specified information about an entity’s certain costs and expenses. The amendments to the standards are effective for the Company’s fiscal year beginning January 1, 2027 and interim periods beginning January 1, 2028. Early adoption is permitted. The amendments should be applied either prospectively to the financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating this ASU to determine the impact it may have on its financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which clarifies and expands the existing guidance on capitalizing implementation costs for cloud computing arrangements that are service contracts. The new guidance is effective for public business entities for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating this ASU to determine the impact it may have on its financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-07, *Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*, which amends the guidance under ASC Topic 815 (Derivatives and Hedging) and ASC Topic 606 (Revenue from Contracts with Customers). The ASU (i) refines the scope for derivative accounting to exclude certain non-exchange-traded contracts whose underlyings are based on the operations or activities specific to one of the parties to the contract, and (ii) provides clarification on how to account for share-based noncash consideration from customers (such as equity instruments, warrants, or shares) received in exchange for the transfer of goods or services under a revenue contract. The new guidance is effective for public business entities for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating this ASU to determine the impact it may have on its financial statements and related disclosures.

(3) Fair Value Measurements

The fair value measurements of assets and liabilities that are measured at fair value on a recurring basis consisted of the following as of June 30, 2026 (in thousands):

	As of June 30, 2026			
	Level 1	Level 2	Level 3	Total
Current assets:				
Money market funds	$ 424,595	$ -	$ -	$ 424,595
Total assets	$ 424,595	$ -	$ -	$ 424,595
Liabilities:				
Term loan	$ -	$ -	$ 91,031	$ 91,031
Total liabilities	$ -	$ -	$ 91,031	$ 91,031

The fair value measurements of assets and liabilities that are measured at fair value on a recurring basis consisted of the following as of December 31, 2025 (in thousands):

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Current assets:				
Money market funds	$ 359,813	$ -	$ -	$ 359,813
Total assets	$ 359,813	$ -	$ -	$ 359,813
Liabilities:				
Common stock warrants	$ -	$ 9,282	$ -	$ 9,282
Term loan	-	-	57,226	57,226
Total liabilities	$ -	$ 9,282	$ 57,226	$ 66,508

Level 3 instruments consist of the Company’s term loan due to the lack of relevant observable market data for the respective fair value inputs of the instrument.

In August 2024, the Company entered into a term loan agreement which the Company elected to account for using the fair value option. As such, the fair value of the debt is calculated by using the probability weighting of the present value of settlement scenarios (See Note 7).

The significant assumptions used in preparing the income approach model for valuing the term loan as of June 30, 2026 and December 31, 2025, are as follows:

	June 30, 2026	December 31, 2025
Discount rate	6.80 %	7.10 %
Annual interest rate	8.00 %	8.00 %
Expected term (years) – Scenario 1	3.75	4.25
Expected term (years) – Scenario 2	5.1	5.6

The fair values of the Class A common stock warrants are measured using an option pricing model.

The common stock warrant liability was reclassified to equity upon the exercise of the underlying warrants; as such, the common stock warrant liability fair value was determined as of the date of exercise, on May 6, 2026 (see Note 7). The fair value of the warrants on the date of exercise is equal to the intrinsic value, as the expected term is reduced to zero. The intrinsic value was determined based on the closing price of the

Company's Class A common stock on the date of exercise of $81.40, less the exercise price of each of the warrants of $2.80 and $10.92.

The significant assumptions used in preparing the option pricing model for valuing the common stock warrant liability as of December 31, 2025 are as follows:

	December 31, 2025
Exercise price	$2.80 – $10.92
Volatility	53.5 %
Expected term (years)	0.3
Risk-free rate	3.63 %
Dividend yield	- %

The redeemable convertible preferred stock warrant liability was reclassified to equity upon the exercise of the underlying warrants; as such, the redeemable convertible preferred stock warrant liability fair value was determined as of the date of exercise, on November 14, 2025.

The following tables present a summary of the changes in the fair value of the Company's Level 3 financial instruments (in thousands):

	Term Loan
Balance at December 31, 2025	$ 57,226
Additions	30,000
Adjustments to fair value	2,779
Balance at March 31, 2026	90,005
Adjustments to fair value	1,026
Balance at June 30, 2026	$ 91,031

	Common Stock Warrants	Redeemable Convertible Preferred Stock Warrants	Term Loan
Balance at December 31, 2024	$ 2,533	$ 230	$ 51,481
Adjustments to fair value	(58)	2	1,797
Balance at March 31, 2025	2,475	232	53,278
Adjustments to fair value	(5)	19	(1,206)
Balance at June 30, 2025	$ 2,470	$ 251	$ 52,072

For the three and six months ended June 30, 2026 and 2025, the Company recognized losses related to the change in the fair value of the term loan in change in fair value of term loan in the statements of operations and comprehensive income (loss).

For the three and six months ended June 30, 2026 and 2025, the Company recognized gains and losses related to the change in the fair value of the common stock warrant liability in other income (expense), net in the statements of operations and comprehensive income (loss).

For the three and six months ended June 30, 2025, the Company recognized losses related to the change in convertible preferred stock warrant liability in other income (expense), net in the statements of operations and comprehensive income (loss).

The common stock warrant liability is recorded within common stock warrant liability on the balance sheet as of December 31, 2025. The term loan is recorded within long-term debt on the balance sheets as of June 30, 2026 and December 31, 2025.

During the three and six months ended June 30, 2026 and 2025, the Company had no transfers of financial assets or liabilities between different levels of the fair value hierarchy.

(4) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2026	December 31, 2025
Accrued professional services	$ 1,862	$ 2,591
Accrued inventory purchases	5,292	995
Accrued fixed asset purchases	610	1,006
Accrued property and other taxes	150	188
Accrued information technology purchases	628	462
Accrued legal expense	1,322	968
Accrued phlebotomy expense	413	200
Accrued insurance expense	149	—
Accrued rent	965	174
Accrued clinical expenses	169	35
Other	1,043	628
Accrued expenses and other current liabilities	$ 12,603	$ 7,247

(5) Commitments and Contingencies

Legal Proceedings

From time to time, the Company is party to certain claims in the ordinary course of business. The Company, in conjunction with its legal counsel, assesses the need to record a liability for litigation or contingencies. A liability is recorded when and if it is determined that such a liability for litigation or contingencies is both probable and the amount can be reasonably estimated. The Company believes that it is not presently a party to any litigation, other than as described below, the outcome of which, if determined adversely, would individually or in the aggregate be expected to have a material and adverse effect on the business, operating results, cash flows, or financial position. Legal fees are expensed in the period in which they are incurred.

Illumina, Inc. v. BillionToOne, Inc.

On May 7, 2026, Illumina, Inc. filed a lawsuit in the U.S. District Court in the State of Delaware alleging that the Company’s UNITY test infringes U.S. Patent Nos. 10,612,096, 12,139,760 and 12,435,373. The Company maintains that Illumina’s allegations are without merit, and is vigorously defending itself against this claim. The Company does not believe that a loss is probable or reasonably estimable related to this matter. For more information regarding risks relating to our intellectual property, see Part I, Item 1A, 'Risk Factors,' of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Indemnification Agreements

The Company has entered into indemnification agreements with its directors and officers against any liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of the individual.

Additionally, in the ordinary course of business, the Company enters into agreements of varying scope and terms pursuant to which it agrees to indemnify customers, vendors, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. As of June 30, 2026 and December 31, 2025, no demands have been made upon the Company to provide indemnification under such agreements, and there are no claims that the Company is aware of that could have a material adverse effect on its financial position, results of operations, or cash flows. Accordingly, the Company has no liabilities recorded for these agreements as of June 30, 2026 and December 31, 2025.

(6) Leases

Operating Leases

In June 2026, the Company entered into a lease agreement for office and laboratory space in Union City, CA. The lease is expected to commence in the second half of 2027. The lease agreement provides for a rent abatement period of twelve months following the commencement date, during which no base rent will be due. Following the abatement period, base rent will commence at an initial annual rate of $3.6 million per year with annual increases of 3%. The lease has a term of twelve years from the commencement date. The agreement also includes a ten-year extension option that can be exercised by the Company. As part of the lease agreement, the Company is required to remit to the landlord $0.4 million in respect of a security deposit and $0.3 million in respect of the first month’s rent payment.

(7) Long-term Debt

Oberland Note Purchase Agreement

In August 2024, the Company entered into a note purchase agreement (the “2024 Notes”) with BWCB SA LLC, an entity affiliated with Oberland Capital Management, LLC (“Oberland Capital”), which provided the Company with up to four tranches of capital advances totaling up to $140.0 million. The advanced principal accrues interest at a rate of 8.0% per annum. The first tranche of $50.0 million was advanced on August 5, 2024, with a Maturity Date on the seventh anniversary of the first purchase date (August 5, 2031). The first tranche requires interest-only payments through August 5, 2031 and a lump sum payment due on August 5, 2031.

The second tranche of up to $35.0 million in principal was available at the Company’s option at any time prior to September 30, 2025 provided that the trailing six-month worldwide net revenue of the Company is at least $80.0 million. The Company did not elect the option to draw on the second tranche.

The Company was required to sell the third tranche of notes in the amount of $30.0 million prior to March 31, 2026 as the Company achieved the revenue and gross margin thresholds triggering this obligation during the first half of fiscal 2025. The third tranche of $30.0 million was advanced on March 31, 2026, with a Maturity Date on the seventh anniversary of the initial purchase date (August 5, 2031). The third tranche requires interest-only payments through August 5, 2031 and a lump sum payment due on August 5, 2031. The thresholds triggering this tranche were trailing six-month revenue of at least $112.5 million and a trailing six-month gross margin of at least 45%. Gross Margin is defined as (I) net revenue minus cost of goods sold divided by (II) net revenue, expressed as a percentage. The terms of the third tranche are identical to those of the first $50.0 million tranche. Lastly, the fourth tranche of up to $25.0 million in principal was made available to the Company at the mutual agreement of the parties at any time prior to March 31, 2026. The Company did not elect the option to draw on the fourth tranche.

The Company has the option at any time to prepay all of the then-outstanding notes, and Oberland Capital has the option to redeem the notes upon (i) a change in control of the Company, (ii) an event of default, or (iii) the maturity date. The redemption price of the notes shall equal to the following: (1) 130% of principal amounts of notes if the payment is made within 24 months of issuance; (2)145% of principal amounts of notes if the payment is made within 36 months of issuance; (3) If the payment is made within 48 months, an amount that would generate an internal rate of return (“IRR”) of 12.25%; (4) if the payment is made within 60 months of the issuance, an amount that would generate an IRR of 11.75%; (5) if the payment is made thereafter but before maturity, an amount that would generate an IRR of 11.25%; and (6) if the payment is made at maturity, an amount that would generate an IRR of 10.0%.

The Company is required to maintain trailing six-month net revenue based on a schedule that gradually increases up to $120.0 million as of the year ending December 31, 2026.

Period	Minimum Trailing Six-Month Net Revenue Threshold (in millions)	
Q1 2026	$	87.2
Q2 2026	$	101.8
Q3 2026	$	117.2
Q4 2026	$	120.0
Thereafter	$	120.0

In addition, the Company is required to maintain a trailing six-month Gross Margin of not less than 30%. The agreement also contains a revenue participation provision, under which, for any fiscal quarter, 0.01% of net revenue for such fiscal quarter (up to $100.0 million of net revenue for each fiscal year) per each $1.0 million principal amount of the notes will be payable to Oberland Capital. Amounts paid under the revenue participation provision during the three and six months ended June 30, 2026 and 2025 were interest payments on the debt. The revenue participation payments are additional financing costs of the loan and are included in the computation of the internal rate of return measures described above and do not reduce principal on the debt. During the three months ended June 30, 2026 and 2025, the Company made revenue participation payments of $0.3 million and $0.2 million, respectively, and during the six months ended June 30, 2026 and 2025, the Company made revenue participation payments of $0.8 million and $0.5 million, respectively.

The Company elected to account for the 2024 Notes using the fair value option and changes in fair value related to the 2024 Notes are recorded in change in fair value of term loan on the Company’s statements of operations and comprehensive income (loss). The Company also elected to present interest incurred on the 2024 Notes in the change in fair value of the term loan; interest expense under the 2024 Notes was $1.6 million and $1.0 million for the three months ended June 30, 2026 and 2025, respectively, and $2.6 million and $2.0 million for the six months ended June 30, 2026 and 2025, respectively. Total debt outstanding as of June 30, 2026 and December 31, 2025 was $91.0 million and $57.2 million, respectively, and included within long-term debt on the Company’s balance sheets. Future principal payments of the Company’s long-term debt as of June 30, 2026 and December 31, 2025 are $80.0 million and $50.0 million, respectively, and are due during the year ending December 31, 2031. The term loan advances are secured by a lien on the Company’s assets.

Western Alliance Bank Debt

In October 2021, the Company entered into a loan and security agreement (the “2021 LSA”) with Western Alliance Bank (“WAB”), which provided the Company with three tranches of capital advances totaling $15.0 million. In July 2022, the Company amended the 2021 LSA, such that WAB made four tranches of capital advances available to the Company for an aggregate amount up to $35.0 million (the "2022 LSA Amendment"). During August 2024, the Company elected to prepay the outstanding amount of the term loans of $35.0 million in principal and the $1.5 million exit fee that became payable upon early loan payoff.

Common Stock Warrants

In connection with the 2021 LSA, the Company issued to Western Alliance Bank (“WAB”) warrants to purchase shares of the Company’s common stock at an exercise price of $2.80 per share. The number of underlying shares of the warrants was initially 53,571 and was increased to 80,357 upon the funding of the loans in January 2022. The warrants were to expire if unexercised on October 12, 2031. Upon the occurrence of an acquisition of the Company, if the acquiror shall not have assumed the warrants, WAB shall have the right to put the warrants back to the Company for cash equal to the greater of (x) $450,000 or (y) the value of the aggregate consideration payable to WAB had WAB exercised the warrants immediately prior to exercise such put right.

In connection with the 2022 LSA Amendment, the Company issued up to 41,209 warrants for common stock at an exercise price of $10.92 per share to WAB, 30,907 warrants were exercisable upon execution of the agreement; the remaining warrants became exercisable as the Company made additional draws on the 2022 LSA Amendment. As of December 31, 2025 all of the warrants were exercisable. The warrants were to expire if unexercised on July 22, 2032. Upon the occurrence of an acquisition of the Company, if the acquiror shall not have assumed the warrants, WAB shall have the right to put the warrants back to the Company for cash equal to the greater of (x) $450,000 or (y) the value of the aggregate consideration payable to WAB had WAB exercised the warrants immediately prior to exercise such put right.

All the warrants issued to WAB were puttable warrants and thus were liability classified. The warrants were initially recognized at fair value with any subsequent changes in fair value to be recorded in other income (expense), net in the statements of operations and comprehensive income (loss) (See Note 3).

In connection with the Company's IPO, WAB entered into a lock-up agreement with the Company, pursuant to which WAB may not sell, transfer, or otherwise dispose of the underlying shares of Class A common stock for a period of 180 days following the date that the Company filed its final prospectus. Following the expiration of the lock-up agreement, in May 2026, the Class A common stock warrants were net exercised, resulting in the issuance of 113,116 shares of Class A common stock, with 8,450 shares withheld to cover the aggregate exercise price.

(8) Common Stock

As of June 30, 2026 and December 31, 2025, the Company's Certificate of Incorporation, as amended, authorized the Company to issue 800,000,000 shares of Class A common stock, par value $0.00001 per share, and 10,000,000 shares of Class B Common Stock, par value $0.00001 per share. Total common stock outstanding as of June 30, 2026 and December 31, 2025 was 42,283,900 and 41,252,105 shares of Class A common stock, respectively, and 4,542,650 and 4,552,650 shares of Class B common stock, respectively.

The holders of Class A common stock are entitled to vote on all corporate matters at a ratio of one vote per share together with the holders of Class B common stock. The holders of Class B common stock are entitled to vote on all corporate matters at a ratio of 15 votes per share together with the holders of Class A common stock. The holders of Class A common stock and Class B common stock are also entitled to receive dividends whenever funds are legally available and when and if declared by the Board of Directors, subject to the prior rights of holders of all series of stock outstanding. As of June 30, 2026 and December 31, 2025, no dividends had been declared or paid.

All of the outstanding shares of the Company's Class B common stock will convert automatically on a one-to-one basis into shares of the Company's Class A common stock upon the earliest of (i) 7 years from the date of filing the Post-IPO Certificate of Incorporation, and (ii) the date specified by a vote of the holders of Class B common stock representing a majority of the outstanding shares of Class B common stock. In addition, each share of Class B common stock held by a Co-Founder and such Co-Founder's permitted transferees will automatically convert into one share of Class A common stock upon the earlier of (i) the date that is between 90 days and 270 days, as determined by the Board of Directors, after the death or incapacitation of such Co-Founder or (ii) the date that is between 61 and 180 days, as determined by the Board of Directors, after the date on which such Co-Founder is no longer serving as an officer or director of the Company.

During the six months ended June 30, 2026, 10,000 shares of Class B common stock were converted into an equivalent number of shares of Class A common stock at the option of the holder. The conversion did not impact the total number of shares of common stock outstanding.

The Company is required to reserve and keep available out of its authorized but unissued shares of Class A common stock such a number of shares sufficient to affect the conversion of all outstanding shares of common stock warrants, all outstanding shares of Class B common stock, options granted under the Company's 2018 Stock Plan and 2025 Equity Incentive Plan, shares available for grant under the Company's 2025 Equity

Incentive Plan, restricted stock units outstanding and shares available for issuance under the 2025 Employee Stock Purchase Plan.

The amount of such shares of the Company's Class A common stock reserved for these purposes at June 30, 2026 is as follows:

Outstanding shares of Class B common stock	4,542,650
Options to purchase common stock	8,896,341
Restricted stock units outstanding	229,300
Shares available for future issuance under the Employee Stock Purchase Plan	548,880
Shares available for future grants	2,907,999
Total common stock reserved	17,125,170

Stock Plan

In December 2018, the Company adopted the 2018 Stock Plan (the "2018 Plan"). The 2018 Plan authorizes the granting of stock options upon the approval of the Company's Board of Directors, to employees and consultants providing services to the Company. Stock options granted under the 2018 Plan generally expire within 10 years from the date of grant and are generally issued at the fair value of the underlying shares of common stock on the date of grant as determined by the Company's Board of Directors. The shares subject to each option typically allow for 25% of the shares to vest and become exercisable on the first anniversary of the vesting commencement date and thereafter, the remaining 75% will vest and become exercisable in 36 equal monthly installments. The Company may include other vesting terms from time to time.

Incentive and non-statutory stock options may be granted with exercise prices not less than 100% of the estimated fair value of the common stock on the date of grant.

In connection with the IPO, the Company adopted the 2025 Equity Incentive Plan (the "2025 Plan"), which became effective in October 2025, although no awards could be granted under the 2025 Plan until the IPO date. The 2018 Plan was terminated upon the completion of the IPO, however, awards outstanding under the 2018 Plan will remain outstanding and will continue to be governed by their existing terms. On the effective date of the 2025 Plan, the maximum number of shares of Class A common stock authorized for issuance was 3,297,972 shares of Class A common stock, plus up to 10,034,626 shares under the 2018 Plan that (i) remain available for issuance on the IPO date and (ii) that are outstanding on the IPO date and that are subsequently forfeited, expire, are reacquired by the Company or lapse unexercised, subject to annual adjustment on the first day of each fiscal year, beginning January 1, 2027, through January 1, 2035. The 2025 Plan authorizes the granting of stock options and restricted stock units, among other types of awards, to employees and consultants providing services to the Company. Stock options granted under the 2025 Plan generally expire within 10 years from the date of grant. Stock options and restricted stock units are issued based on the fair value of the underlying shares of Class A common stock on the date of grant. The stock options and restricted stock units vest in 8 semi-annual installments each equal to 12.5% of the total shares under the grant or one initial installment of 25% of the total shares under the grant on the first anniversary of the grant date and, thereafter, in 6 semi-annual installments equal to 12.5% of the total shares under the grant. The Company may include other vesting terms from time to time.

Incentive and non-statutory stock options may be granted with exercise prices not less than 100% of the fair value of the Class A common stock on the date of grant, as determined by the Board of Directors. As of June 30, 2026 and December 31, 2025, the Company had authorized up to 3,489,011 and 3,390,306 shares of Class A common stock reserved for issuance under the 2025 Plan, respectively.

In October 2025, the Company adopted the 2025 Employee Stock Purchase Plan (the "2025 ESPP"), which became effective in October 2025. As of June 30, 2026, the number of shares of Class A common stock available for issuance under the 2025 ESPP is 548,880 shares of Class A common stock, subject to annual adjustment on the first day of each fiscal year, beginning January 1, 2027, through January 1, 2035. No more than 8,400,000 shares of Class A common stock may be issued under the 2025 ESPP. Each participant may purchase up to the number of shares determined by the Board of Directors on any purchase date, not to exceed

7,500 shares. The price of each share of Class A common stock purchased under the 2025 ESPP will not be less than 85% of the lower of the fair market value per share of Class A common stock on the first day of the applicable offering period or the fair market value per share of Class A common stock on the purchase date. The 2025 ESPP provides for separate six-month offering periods beginning on June 22 and December 22 of each year.

The grant date fair value of the stock purchase rights granted under the 2025 ESPP was estimated on the first day of each offering period using the Black-Scholes option pricing model. The valuation methodology used was substantially consistent with that used to value stock options with the exception of the expected term, which was based on the term of each offering period, and related impacts on expected volatility and risk-free interest rate.

Stock-based Compensation

Stock Option Activity

The weighted average assumptions used to calculate the fair value of option grants issued under the 2025 Plan and 2018 Plan during the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Dividend yield	- %	- %	- %	- %
Risk-free interest rate	4.3 %	4.2 %	4.2 %	4.2 %
Expected volatility	73 %	74 %	74 %	73 %
Expected term (in years)	6.14	6.36	6.15	6.31

A summary of the Company's stock option activity and related information is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value (in thousands)
Balance as of December 31, 2025	9,552,013	$ 12.96	$ 657,915
Granted	355,036	$ 84.11	
Exercised	(908,679)	$ 8.46	
Forfeited or expired	(102,029)	$ 18.53	
Balance as of June 30, 2026	8,896,341	$ 16.28	$ 922,461
Vested and exercisable as of June 30, 2026	4,803,993	$ 7.66	$ 539,580
Vested and expected to vest as of June 30, 2026	8,896,341	$ 16.28	$ 922,461

As of June 30, 2026, there was approximately $85.2 million of total unrecognized compensation cost related to unvested options, which is expected to be recognized over the weighted average period of 3.6 years.

Restricted Stock Unit Activity

A summary of the Company's restricted stock unit activity and related information is as follows:

	Shares	Weighted-Average Grant Date Fair Value (per share)
Nonvested as of January 1, 2026	33,332	$ 108.94
Issued	197,499	74.61
Vested	-	-
Forfeited	(1,531)	79.03
Nonvested as of June 30, 2026	229,300	$ 77.10

As of June 30, 2026, there was approximately $19.2 million of total unrecognized compensation cost related to outstanding restricted stock units, which is expected to be recognized over the weighted average period of 3.4 years.

There was no restricted stock unit activity during the three and six months ended June 30, 2025.

ESPP Activity

The grant date fair value of the stock purchase rights granted under the 2025 ESPP for the three and six months ended June 30, 2026 were as follows:

	Three Months Ended June 30,	Six Months Ended June 30,
	2026	2026
Dividend yield	- %	- %
Risk-free interest rate	4.0 %	4.0 %
Expected volatility	66 %	66 %
Expected term (in years)	0.50	0.50

As of June 30, 2026, there was approximately $1.2 million of total unrecognized compensation cost related to stock purchase rights granted under the 2025 ESPP, which is expected to be recognized over the weighted average period of 0.5 years.

Stock-Based Compensation Expense

The table below shows stock-based compensation expense included in the statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2026 and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	$ 787	$ 386	$ 1,421	$ 739
Research and development	1,753	823	3,109	1,571
Selling, general and administrative	5,677	1,523	10,196	2,796
Total stock-based compensation	$ 8,217	$ 2,732	$ 14,726	$ 5,106

(9) Income Taxes

Accounting for income taxes for interim periods generally requires the provision for income taxes to be determined by applying an estimate of the annual effective tax rate for the full fiscal year to income or loss before income taxes, adjusted for discrete items, if any, for the reporting period. The Company updates its estimate of the annual effective tax rate each quarter and makes a cumulative adjustment in such period. The Company recorded income tax benefit of $0.5 million and income tax expense of $14.5 thousand for the three months ended June 30, 2026 and 2025, respectively, and the Company recorded income tax expense of $2.6

thousand and $0.1 million for the six months ended June 30, 2026 and 2025, respectively. Income tax expense (benefit) consists primarily of income taxes for U.S. federal and the states in which the Company conducts business and the excess tax benefit from the stock based compensation. Due to the Company’s history of losses in the United States, a full valuation allowance on substantially all of the Company’s deferred tax assets, including net operating loss carryforwards, research and development tax credits, and other book versus tax differences, was maintained. Given the Company's current earnings and anticipated future earnings, the Company believes that there is a reasonable possibility that sufficient positive evidence may become available in the near term to allow the Company to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Any release of the valuation allowance will result in a material benefit recognized in the quarter of release. A release of the valuation allowance would result in the recognition of an increase in deferred tax assets and an income tax benefit in the period in which the release occurs, although the exact timing and amount of the release is subject to change based on numerous factors, including projections of future taxable income, which continues to be assessed based on available information each reporting period.

(10) Employee Benefit Plan

The Company sponsors a qualified 401(k) defined contribution plan covering eligible employees. Participants may contribute a portion of their annual compensation limited to a maximum annual amount set by the Internal Revenue Service. Employer contributions to the plan are discretionary. During the three months ended June 30, 2026 and 2025, the Company contributed $1.2 million and $0.9 million to this plan, respectively, and during the six months ended June 30, 2026 and 2025, the Company contributed $2.3 million and $1.7 million to this plan, respectively.

(11) Related Party Transactions

In June 2025, the Company granted stock options to certain founders and executive officers under the Company’s 2018 Plan. These grants were approved by the Board of Directors.

There were no material related party transactions during the three and six months ended June 30, 2026.

(12) Net Income (Loss) Per Share

The Company applies the two-class method when computing net income (loss) per share attributable to common shareholders when shares meet the definition of participating securities. The two-class method determines net income (loss) per share of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires net income (loss) available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The holders of the Company’s redeemable convertible preferred stock were entitled to dividends in preference to common stockholders, if declared. Such dividends were not cumulative. Any remaining earnings would be distributed among the holders of redeemable convertible preferred stock and common stock pro rata on an as-converted basis. The holders of the Company’s redeemable convertible preferred stock were not contractually obligated to participate in the Company’s losses.

Basic net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The dilutive effect of potentially dilutive common shares is reflected in diluted earnings per share by application of the if-converted method for the Company’s outstanding preferred stock, the treasury stock method for the Company’s other potentially dilutive securities, and is ultimately applied by sequencing instruments beginning with those that are more dilutive. For periods in which the Company reports net losses, diluted net income (loss) per common share is the same as basic net income (loss) per common share as all potentially dilutive securities are anti-dilutive.

The following table sets forth the computation of basic and dilutive net income (loss) per share attributable to common stockholders for the three and six months ended June 30, 2026 and 2025 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Basic net income (loss) per share:				
Numerator:				
Net income (loss)	$ 8,054	$ (246)	$ 26,024	$ (4,234)
Denominator:				
Weighted-average shares used in calculating net income (loss) per share, basic	46,403,350	10,385,000	46,169,335	10,349,146
Net income (loss) per share, basic	$ 0.17	$ (0.02)	$ 0.56	$ (0.41)
Diluted net income (loss) per share:				
Numerator:				
Net income (loss)	$ 8,054	$ (246)	$ 26,024	$ (4,234)
Denominator:				
Weighted-average shares used in calculating net income (loss) per share, basic	46,403,350	10,385,000	46,169,335	10,349,146
Effect of dilutive securities:				
Outstanding stock options and other	8,008,597	—	7,495,459	—
Warrants to purchase common stock	43,576	—	78,447	—
Weighted-average shares used in calculating net income (loss) per share, diluted	54,455,523	10,385,000	53,743,241	10,349,146
Net income (loss) per share, diluted	$ 0.15	$ (0.02)	$ 0.48	$ (0.41)

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Redeemable convertible preferred stock	-	29,084,235	-	29,084,235
Outstanding stock options	13,874	8,933,419	6,937	8,933,419
Restricted stock awards in exchange for non-recourse note	-	700,000	-	700,000
Warrants to purchase common stock	-	121,566	-	121,566
Warrants to purchase redeemable convertible preferred stock	-	9,660	-	9,660

(13) Subsequent Events

In July 2026, the Company entered into an agreement with a third party under which the third party will perform research and development services over an approximately eight-month period. Under the agreement, the Company will pay a fee of $3.0 million, which the Company will expense as the services are performed over the service period.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited financial statements and the related notes included in Part 1, Item 1 of this Quarterly Report. The following discussion and analysis as well as other parts of this Quarterly Report contains forward-looking statements that involve risks, uncertainties and assumptions including information with respect to our plans and strategy for our business. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those discussed under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025. See also the section titled "Special Note Regarding Forward-Looking Statements" in this Quarterly Report. Unless context requires otherwise, references to "we," "us," "our," "BillionToOne," or "the Company" here refer to BillionToOne, Inc.

Overview

BillionToOne is transforming healthcare by redefining molecular diagnostics. Our revolutionary single-molecule next-generation sequencing (smNGS) platform achieves what was once thought impossible—detecting and precisely quantifying genetic targets with single-molecule sensitivity. At the heart of this technological breakthrough lies our patented quantitative counting templates (QCTs), enabling measurements at the physical limit of detection—the single DNA molecule. This leap forward addresses a fundamental limitation in healthcare—the inability to detect sparse but clinically crucial disease signals in cell-free DNA (cfDNA).

Founded with the mission to remove the fear of the unknown through powerful and accessible smNGS-based diagnostics, we have swiftly transitioned from an R&D-focused company to a proven commercial organization. Since launching UNITY, our first prenatal product in 2019, we have expanded our offerings first within prenatal genetics, and then to oncology diagnostics. To date, we have processed more than one and a half million smNGS-based tests. Today, we test more than 1 in 10 babies during pregnancy in the United States, a metric that is continuing to increase rapidly every year. UNITY is the first single-gene non-invasive prenatal test (sgNIPT) that uses cfDNA to provide fetal risk assessment for recessive conditions such as sickle cell disease (SCD) and cystic fibrosis (CF) without requiring a paternal sample or invasive procedures such as amniocentesis. Since then, we have expanded our UNITY offering to cover comprehensive prenatal genetic needs from a single maternal blood draw. In 2024, our unique fetal antigen tests resulted in national medical guideline changes, enabling us to position our tests as "the new standard in prenatal care," further contributing to both test volume and average selling price (ASP) growth, as we leveraged the guideline changes to contract with more insurance companies. By detecting and identifying an extensive array of severe but actionable genetic disorders during pregnancy, we enable substantially better outcomes for newborns via earlier therapeutic and other clinical interventions.

In May 2026, we announced the launch of Unity Confirm™, a circulating fetal cell-based, non-invasive confirmation assay designed to enable confirmation of high-risk screening results. The new assay isolates intact circulating fetal cells from a simple maternal blood draw using BillionToOne's Fetal Cell Capture™ technology. With the assay, clinicians can confirm a high-risk result from a maternal blood draw without putting the pregnancy at risk from invasive methods such as chorionic villus sampling (CVS) or amniocentesis. In August 2026, we announced the upcoming expansion of the Unity Fetal Risk Screen with the addition of a 130-gene panel, which is currently the largest single-gene NIPT panel available.

In the oncology setting, ultrasensitive tests with real-time insights are required to effectively detect, diagnose, and treat patients with a diverse range of mutations and solid tumor types across the cancer care continuum. In 2023, we successfully leveraged our smNGS platform to launch two complementary pan-cancer liquid biopsy tests – Northstar Select® and Northstar Response®. Our Northstar Select test is used to guide therapy selection and has been shown to detect over 50% more actionable solid tumor mutations than conventional liquid biopsies. Based on our knowledge of all widely available tests, Northstar Response is the only methylation-based assay that quantifies the amount of cancer (tumor burden) at the single molecule level without requiring a tissue biopsy, enabling real-time monitoring of patient response to therapy with unprecedented precision. Our Northstar tests give physicians extraordinary visibility into cancer profile and treatment response, enabling more informed and earlier treatment decisions that can fundamentally alter patient outcomes. We are actively developing additional diagnostic products to address critical needs across the cancer care continuum. For example, in January 2026, we launched Northstar PGx™, in February 2026, we launched Northstar Select CH™, and in August 2026 we announced the launch of Northstar Origin™. Northstar PGx and Northstar Select CH are add-on applications for Northstar Select, and expand the Northstar platform beyond genomic profiling to address chemotherapy safety (PGx) and clonal hematopoiesis (CH) — two critical decision points in selecting the right therapy for patients. Northstar Origin is an add-on tissue-of-origin feature for our Northstar Select test that can benefit patients with unknown or uncertain diagnoses. Our current development efforts focus on MRD detection, leveraging our platform's exceptional sensitivity to identify trace amounts of tumor DNA following curative-intent surgery in earlier stage cancers. We are developing a tissue-free, pan-cancer MRD test, which we expect to be commercially available in the fourth quarter of 2026.

Our business momentum is evidenced by our rapidly scaling commercial success and improving operational efficiency. Of the over one and a half million smNGS-based tests that we have processed since our initial launch, over 42% of them, or approximately 726,000 tests, were processed within the last 12 months ended June 30, 2026.

Our key performance metrics

Our revenue is driven by selling and performing molecular diagnostic tests ordered by physicians and other providers. We generally bill the patients' insurance carrier, Medicaid, Medicare, the patient, or a combination upon delivery of the test results.

Our revenue is the function of two inputs: the number of tests ordered and the ASP that we can achieve through reimbursement. There is a flywheel effect between these two factors. The more tests that we process, the easier it becomes for us to contract with third-party payors and become an in-network provider. This increases our ASP for our tests, as the denial rate of our tests significantly decreases once we become an in-network provider. As we become an in-network provider, it becomes easier for our sales representatives to convince ordering providers to use our tests. We believe that the combined effects of ASP increases, cost of goods sold (COGS) decreases, and improved operational efficiency have been the main drivers of our ability to generate net income in recent periods.

Our total test volume, which represents the number of billable tests that we receive for processing during each period and which we also refer to as tests accessioned, grew to approximately 197,000 tests for the three months ended June 30, 2026, compared to 148,000 for the three months ended June 30, 2025. In addition, our total delivered and billable test volume, which represents the number of billable tests for which we deliver a result to the ordering provider each period, grew to approximately 196,000 tests for the three months ended June 30, 2026, compared to 145,000 delivered and billable tests for the three months ended June 30, 2025.

Key factors affecting our results of operations and performance

We believe certain factors have influenced, and will continue to influence, our operating performance and results of operations. While each of these factors presents significant opportunities for our business, they also pose important risks and challenges that we must successfully address to sustain and grow our business and improve our results of operations. Our ability to successfully address the factors below is subject to various risks and uncertainties, including those described under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025.

Market adoption and commercial success

Our success and future growth depend on maintaining and expanding market acceptance and achieving commercial success in our prenatal and oncology product lines. This requires our sales teams to develop and maintain relationships with obstetricians, maternal-fetal medicine specialists, oncologists, and other providers. In addition, our sales teams must be able to convincingly communicate the clinical utility and value of our tests in enabling personalized patient care. The commercial success of our existing tests and any new tests we develop will depend upon factors such as clinical evidence supporting their effectiveness, inclusion in clinical practice guidelines, adoption by the medical community, favorable coverage by third-party payors, and our ability to differentiate our offerings in competitive markets. In addition, our ability to maintain and expand our sales and marketing capabilities to support increased adoption of our molecular diagnostic solutions will be another key factor to our success.

Payor coverage, contracting, and more effective reimbursement operations

Our ASPs and revenue depend heavily on our success in achieving and maintaining broad coverage and adequate reimbursement for our molecular diagnostic tests from third-party payors. Third-party reimbursement for our tests represented more than 90% of our revenue for the six months ended June 30, 2026, and we expect government and commercial third-party payors to continue to be our primary source of payments. Coverage and reimbursement by third-party payors, including commercial health insurers, managed care organizations, and government healthcare programs such as Medicare and Medicaid, can be limited and uncertain for the types of specialized molecular diagnostic tests we offer. Each payor makes its own determination as to whether to establish a policy to cover our tests, as well as the amount it will reimburse for such tests. Payors make these determinations based on factors that include medical necessity, clinical utility, and cost-effectiveness. Reimbursement rates vary significantly by test-type, payor, and coverage determination. Historically, our market access and reimbursement teams have pursued strategies to increase our ASPs by expanding our payor coverage and reimbursement. We believe these strategies will continue to grow our ASPs over time.

Internalizing and strengthening our reimbursement capabilities and incorporating automation and AI to reimbursement operations

We have invested in building a high-performing, specialized team dedicated to all aspects of reimbursement, including claims management, appeals, and payor relations. In July 2023, we transitioned from relying on third-party vendors to managing our reimbursement function in-house. This team's expertise and commitment have enabled a more consistent, and accurate billing and appeal process, along with the rapid identification and resolution of reimbursement issues.

In addition, we have integrated our internal systems end-to-end, automated many of the repetitive reimbursement procedures, and incorporated AI for significant efficiency improvements (e.g., using large language models ("LLMs") to read, categorize, and react to thousands of correspondence items from insurance companies that we receive every day), allowing our team to significantly increase their productivity. This strategic move not only streamlines our operations and improves cash flow but also allows us to better advocate for the value of our diagnostic tests with payors by providing rapid feedback and responding proactively to evolving reimbursement trends.

Relentless focus on reducing costs and increasing operational efficiency

Our financial results depend upon our ability to support current and future levels of demand for our prenatal screening and oncology diagnostic tests while maintaining discipline around our cost structure. Historically, we have been able to grow the size of our operational team much more slowly than our test volume increases. This has led to significantly increased operational leverage and efficiencies on a per-test basis and has been a driver in improving our net income (loss) margin.

We actively seek ways to continuously reduce our costs-per-test and improve our gross profit margin, long-term profitability, and return on investment. For example, we have reduced COGS per test through automation and optimization of laboratory workflows, successful negotiations with suppliers, and re-design and re-validation of assays with more optimized chemistry or higher-throughput sequencing. Nevertheless, as our test volumes grow, we have made and will continue to make significant investments in state-of-the-art infrastructure to support our growth. In 2023 we successfully expanded our laboratory operations from a single facility with 36,000 square feet in Menlo Park, California by adding a second laboratory facility in Union City, California with 90,000 square feet. To further support our growth beyond our current facilities, we entered a lease for the construction of 220,000 square feet of laboratory space in Austin, Texas which includes a tenant improvement package. We expect to occupy this facility in 2027, and open for processing commercial samples in 2028. Once the facility is fully utilized, we expect our potential testing capacity to be nearly triple our current capabilities In addition, in June 2026, we entered a lease for a third laboratory facility in Union City, California with approximately 62,659 square feet of office and laboratory space, which includes a tenant improvement package. This facility, which we expect to occupy in 2027, will be dedicated to our oncology products and more than triple the current oncology-dedicated laboratory space.

In addition, we must simultaneously enhance our customer service capabilities, improve our billing and administrative processes, expand our quality assurance programs, incorporate new laboratory equipment and automation, and implement new technology systems, all while maintaining competitive turnaround times. As such, our expenses may increase. In order to maintain cost discipline, we will continue to re-design and optimize our processes, integrate AI into our workflows, and increasingly automate both our laboratory and nonlaboratory operations. We believe that our continued focus in optimization, automation, and AI for higher operational efficiencies will drive further productivity gains.

Continued research and development and new product innovation

We expect to maintain significant levels of investment in research and development as we continue to develop new molecular diagnostic assays, enhance existing tests, and expand our testing capabilities into new clinical applications within our prenatal screening and oncology diagnostics product lines. These investments include costs for new test development, costs to validate new assays or to improve current assays, clinical studies to demonstrate utility and support reimbursement efforts, and development costs for new testing methodologies and platforms. Our ability to develop new products, obtain regulatory approvals for such products when required, successfully launch new products into the market, and drive adoption by healthcare providers will continue to play a key role in our competitive position and financial results. We believe these investments are critical to maintaining our technological leadership, supporting physician adoption, and driving favorable coverage decisions by payors across both our prenatal and oncology product lines.

Key components of results of operations

Revenue

The majority of our revenue is derived from sales of our prenatal test, UNITY, and a smaller portion is derived from sales of our liquid biopsy oncology tests, Northstar. Specifically, during the year ended December 31, 2025, 91% of our revenue was from our prenatal tests, 8% of our revenue was from our oncology tests, and 1% of our revenue was from our clinical trial support and other services. Additionally, during the six months ended June 30, 2026 and 2025, approximately 88% and 93%, respectively, of our revenue was from our prenatal tests, 11% and 6%, respectively, of our revenue was from our oncology tests, and 1% and 1%, respectively, of our revenue was from our clinical trial support and other services. We market our products to health clinics and physicians or a combination of the insurance carrier and patient for fees. Revenue for tests is recognized when test results are delivered to the ordering physician.

For many health clinics and physicians, the payment we ultimately receive depends upon the rate of reimbursement from insurance carriers. We may also negotiate rates with patients if the patient is responsible for payment. Our efforts in obtaining reimbursement based on individual claims, including pursuing appeals or reconsiderations of claim denials, may take a substantial amount of time, and bills may not be paid for many months or, in some cases, ultimately may not receive payment.

We expect our revenue to increase over time as we expand our sales efforts, introduce new products, and contract with more payors. In addition, positive reimbursement decisions from insurance carriers would eliminate much of the uncertainty around payment and increase our overall revenue growth from ordering physicians.

Our clinical trial support and other services include revenue from strategic partnerships with Johnson & Johnson that utilize our testing capabilities as part of a project to perform clinical trials and the development and commercialization of a companion diagnostic. Revenue from these strategic partnership agreements are recognized as services are performed and costs are incurred. Our revenue derived from these agreements has not been material to our results of operations.

Cost of revenue

Our cost of revenue consists primarily of expenses related to materials and consumables, test kits, personnel-related expenses such as salaries, stock-based compensation expense and related benefits for its operations and support personnel, shipping costs, overhead allocations, depreciation expense, facilities-related expenses and other services used in connection with delivering our services.

Gross profit and gross margin

Gross profit represents revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross profit has been, and may in the future be, influenced by several factors, including test volumes and prices paid for our tests, changes in materials and consumables costs, laboratory processing costs, personnel costs, shipping, and logistics costs.

Operating expenses

Research and development expenses

Research and development expenses consist primarily of personnel-related expenses such as salaries, stock-based compensation expense and related benefits for our product development employees. Research and development expenses also include non-personnel costs such as materials and consumables used for research, clinical third-party services and consulting expenses, and an allocation of our general overhead expenses. These costs are expensed in the period they are incurred.

We believe that continued investment in our products is important to our future growth and, as a result, we expect our research and development costs to increase in absolute dollars and moderately decline as a percentage of revenue over time if our revenue increases.

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of personnel-related expenses such as salaries, stock-based compensation expense and related benefits for our sales, marketing, and general and administrative employees. Selling, general and administrative expenses also include our commission payments, marketing related expenses in promoting our brand and tests, and training costs for sales employees. All selling, general and administrative costs are expensed in the period as incurred.

We expect selling, general and administrative expenses to increase in absolute dollars as we increase our sales and marketing personnel, increase product offerings, grow our operations and incur additional expenses associated with operating as a public company. These expenses are associated with operating as a public company include expenses necessary to comply with the rules and regulations applicable to companies listed on NASDAQ and related compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations and other professional services.

Other income (expense)

Interest income

Interest income consists of income earned on our short-term cash and cash equivalents which include money market funds.

Interest expense

Interest expense is attributable to interest on our finance leases.

Change in fair value of term loan

Change in fair value of term loan relates to the Oberland Capital debt where we elected the fair value option under ASC 825 and is accounted for at fair value on a recurring basis. We also elected to record interest expense related to the Oberland Capital debt as change in fair value of term loan.

Other income (expense), net

Other income (expense), net is comprised of the change in fair value of our liabilities related to warrants for common stock and redeemable convertible preferred stock and various income or expense items of a non-recurring nature.

Provision for income taxes

Provision for income taxes consists of U.S. federal and state income taxes. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

We account for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. We recognize the tax effects of an uncertain tax position only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date and only in an amount more likely than not to be sustained upon review by the tax authorities. Interest and penalties related to uncertain tax position are classified in the unaudited financial statements as income tax expense.

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Results of operations

Comparison of the three months ended June 30, 2026 and 2025

The following table sets forth information derived from our statements of operations and comprehensive income (loss) for each of the periods presented:

	Three Months Ended June 30,		Change	
	2026	2025	Amount	Percent
	(in thousands, except percent)			
Revenue	$ 109,448	$ 66,573	$ 42,875	64.4 %
Cost of revenue(1)	32,341	23,107	9,234	40.0
Gross profit	77,107	43,466	33,641	77.4
Operating expenses:				
Research and development(1)	17,315	11,751	5,564	47.3
Selling, general and administrative(1)	54,289	33,342	20,947	62.8
Total operating expenses	71,604	45,093	26,511	58.8
Income (loss) from operations	5,503	(1,627)	7,130	438.2
Other income (expense):				
Interest income	4,694	1,451	3,243	223.5
Interest expense	(8)	(32)	24	(75.0)
Change in fair value of term loan	(2,968)	(10)	(2,958)	NM
Other income (expense), net	297	(14)	311	NM
Total other income (expense)	2,015	1,395	620	44.4
Income (loss) before provision for income taxes	7,518	(232)	7,750	NM
Provision for income taxes	(536)	14	(550)	NM
Net income (loss) and comprehensive income (loss)	$ 8,054	$ (246)	$ 8,300	NM

NM = Not meaningful

(1) Includes stock-based compensation expense as follows:

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
Cost of revenue	$ 787	$ 386
Research and development	1,753	823
Selling, general and administrative	5,677	1,523
Total stock-based compensation expense	$ 8,217	$ 2,732

Revenue

Revenue increased $42.9 million, or 64%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. This increase was driven primarily by a 35% increase in the total volume of delivered and billable tests to approximately 196,000 for the three months ended June 30, 2026 from approximately 145,000 for the three months ended June 30, 2025. The increase in revenue was also attributable to an increase in our Overall ASP of 21%. Overall ASP is the weighted average ASP across all of

our prenatal and oncology products. It is computed by dividing revenue for our prenatal and oncology tests by the number of tests that are delivered and billable. The number of tests that are delivered and billable in a given period represents the number of billable tests for which we deliver a result to the ordering provider in such period.

We derive our revenue primarily from the number of tests processed and results delivered to the ordering physician. All tests processed are accessioned in our laboratories.

The increase in test volume was driven by higher volumes of our prenatal tests primarily as a result of the expansion of our sales force for our prenatal products. In addition, volumes for both our Northstar Select and Northstar Response oncology tests increased as a result of the expansion of our oncology sales force. The increase in our ASP per test was driven by several factors. For example, we increased the number of contracts compared to last year that we have with payors for our prenatal tests and we continued to benefit from our proprietary PLA code, both of which drove increases in ASP for the three months ended June 30, 2026 compared to the same period in the prior year.

Cost of revenue

Cost of revenue increased $9.2 million, or 40%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to an increase of $4.9 million in expenses associated with testing samples and supplies used in processing tests, phlebotomy, and related shipping costs, driven by a higher volume of tests processed; and an increase of $4.3 million in labor and consulting related expenses, including stock-based compensation, which were driven by higher test volumes and an increase in product support.

Gross profit and gross margin

Gross profit increased $33.6 million, or 77%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to an increase in the number of tests processed and a higher Overall ASP slightly offset by a small increase in Overall Cost Per Test as the sales mix shifted towards the faster growing oncology products which have a higher cost-per-test than prenatal. Some of the increase from the shift in sales mix was offset by our programs to actively reduce variable expenses and increase efficiency from our fixed costs. Overall Cost Per Test is the weighted average cost per test across all of our prenatal and oncology products. It is computed by dividing cost of goods sold for our prenatal and oncology tests by the number of tests that are accessioned. The number of tests that are accessioned in a given period represents the number of billable tests that we receive for processing during such period. We refer to this number as our “Total Test Volume.”

Gross margin increased to 70% for the three months ended June 30, 2026 from 65% for the three months ended June 30, 2025 for the reasons described above.

The increase in our Overall ASP contributed to all of the improvement of our gross margin for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. This improvement was partially offset by an increase in our Overall Cost Per Test of 3% for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. Cost Per Test for both of our oncology products and for our prenatal products declined during the three months ended June 30, 2026 compared to both the three months ended March 31, 2026 and the three months ended June 30, 2025. However, these improvements were offset by a shift in the sales mix towards oncology products which have higher costs-per-test, resulting in the increase in our Overall Cost Per Test.

For the three months ended June 30, 2026 and 2025, our cost of goods sold consisted of 56% of variable costs and 44% of fixed costs, remaining consistent period over period.

Operating expenses

Research and development expenses

Research and development expenses increased $5.6 million, or 47%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to a $2.7 million increase in personnel costs which included $0.9 million in stock-based compensation expense, a $1.5 million increase in reagents and supplies costs, a $0.6 million increase in equipment expenses and overhead allocations, a $0.6 million increase in clinical studies expense and a $0.2 million increase in consulting and other costs. The increase in research and development expenses was primarily driven by an increase in our average research and development headcount of 28 employees during the periods presented to support our product development and innovation efforts.

Selling, general and administrative expenses

Selling, general and administrative expenses increased $20.9 million, or 63%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to a $16.9 million increase in salaries, commissions and related expenditure which included $4.2 million in stock-based compensation expense, a $1.6 million increase in professional and consulting fees, a $1.0 million increase in facilities and other costs, a $0.9 million increase in allocated IT and software licenses expense and a $0.5 million increase in reimbursement collection services fees. The increase in selling, general and administrative expenses was driven by an increase in our average selling, general and administrative headcount of 139 employees during the periods presented to support our sales, marketing and other corporate strategies.

Interest income

Interest income increased $3.2 million, or 224%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to a higher average balance of cash and cash equivalents, compared to the three months ended June 30, 2025, due to the proceeds from our IPO in November 2025.

Interest expense

Interest expense decreased $24.0 thousand, or 75%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025.

Change in fair value of term loan

Change in fair value of term loan increased $3.0 million for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was due to a change in fair value of the Oberland Capital debt of $2.2 million, primarily related to the draw of the third tranche on March 31, 2026, an increase in interest expense of $0.6 million and an increase in revenue participation payments of $0.1 million.

Other income (expense), net

Other income (expense), net increased $0.3 million for the three months ended June 30, 2026 compared to the three months ended June 30, 2025. The increase was primarily due to $0.6 million in other income related to an insurance recovery offset by a $0.3 million decrease in the fair value of our Class A common stock warrants, due to the exercise of the Class A common stock warrants during the three months ended June 30, 2026.

Comparison of the six months ended June 30, 2026 and 2025

The following table sets forth information derived from our statements of operations and comprehensive income (loss) for each of the periods presented:

	Six Months Ended June 30,		Change	
	2026	2025	Amount	Percent
	(in thousands, except percent)			
Revenue	$ 217,836	$ 125,536	$ 92,300	73.5 %
Cost of revenue(1)	61,633	44,098	17,535	39.8
Gross profit	156,203	81,438	74,765	91.8
Operating expenses:				
Research and development(1)	32,007	22,181	9,826	44.3
Selling, general and administrative(1)	100,859	63,199	37,660	59.6
Total operating expenses	132,866	85,380	47,486	55.6
Income (loss) from operations	23,337	(3,942)	27,279	692.0
Other income (expense):				
Interest income	9,339	2,957	6,382	215.8
Interest expense	(18)	(72)	54	(75.0)
Change in fair value of term loan	(7,229)	(3,102)	(4,127)	133.0
Other income (expense), net	598	39	559	NM
Total other income (expense)	2,690	(178)	2,868	NM
Income (loss) before provision for income taxes	26,027	(4,120)	30,147	731.7
Provision for income taxes	3	114	(111)	(97.4)
Net income (loss) and comprehensive income (loss)	$ 26,024	$ (4,234)	$ 30,258	714.6

NM = Not meaningful

(1) Includes stock-based compensation expense as follows:

	Six Months Ended June 30,	
	2026	2025
	(in thousands)	
Cost of revenue	$ 1,421	$ 739
Research and development	3,109	1,571
Selling, general and administrative	10,196	2,796
Total stock-based compensation expense	$ 14,726	$ 5,106

Revenue

Revenue increased $92.3 million, or 74%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. This increase was driven primarily by a 40% increase in the total volume of delivered and billable tests to approximately 384,000 for the six months ended June 30, 2026 from approximately 275,000 for the six months ended June 30, 2025. The increase in revenue was also attributable to an increase in our Overall ASP of 25%. Furthermore, new agreements with payors entered into in the first quarter of 2026 resulted in an increase in revenue related to expected payments on the reprocessing of claims for tests delivered in the first three months of 2026 and the year ended December 31, 2025. Revenue related to services performed during the year ended December 31, 2025 that were covered by these payors contributed slightly less than half of the $12.0 million in revenue related to performance obligations satisfied in prior periods for the six months ended June 30, 2026.

The increase in test volume was driven by higher volumes of our prenatal tests primarily as a result of expansion of our sales force for our prenatal products. In addition, volumes for both our Northstar Select and Northstar Response oncology tests increased as a result of expansion of our oncology sales force. The increase in our ASP per test was driven by several factors. Over the last 12 months we have continued to increase the number of contracts we have with payors for our prenatal tests which drove increases in ASP in the six months ended June 30, 2026 compared to the same period in the prior year. In addition, we continued to benefit from a our proprietary PLA code for our prenatal tests. When utilized, the PLA code is typically reimbursed at a higher rate; this contributed to an increase in ASPs during the six months ended June 30, 2026.

Cost of revenue

Cost of revenue increased $17.5 million, or 40%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to an increase of $10.6 million in expenses associated with testing samples and supplies used in processing tests, phlebotomy, and related shipping costs, driven by a higher volume of tests processed; and an increase of $6.9 million in labor and consulting related expenses, including stock-based compensation, which were driven by higher test volumes and an increase in product support.

Gross profit and gross margin

Gross profit increased $74.8 million, or 92%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to an increase in the number of tests processed and a higher Overall ASP slightly offset by a small increase in Overall Cost Per Test as the sales mix shifted towards the faster growing oncology products which have a higher cost-per-test than prenatal. Some of the increase from the shift in sales mix was offset by our programs to actively reduce variable expenses and increase efficiency from our fixed costs.

Gross margin increased from 65% for the six months ended June 30, 2025 to 72% for the six months ended June 30, 2026 for the reasons described above.

The increase in our Overall ASP contributed to all of the improvement of our gross profit margin for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025, with Overall Cost Per Test staying relatively stable for both periods.

For the six months ended June 30, 2026, our cost of goods sold consisted of 57% of variable costs and 43% of fixed costs and for the six months ended June 30, 2025 our cost of goods sold consisted of 54% of variable costs and 46% of fixed costs. The increase in variable costs during the period was attributable primarily to an increase in test volume from prenatal testing, partially offset by efficiencies gained in our lab from the increased test volume in both prenatal and oncology testing.

Operating expenses

Research and development expenses

Research and development expenses increased $9.8 million, or 44%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to a $4.9 million increase in personnel costs which included $1.5 million in stock-based compensation expense, a $2.1 million increase in reagents and supplies costs, a $1.5 million increase in equipment expenses and overhead allocations, a $0.7 million increase in clinical studies expense and a $0.5 million increase in consulting. The increase in research and development expenses was primarily driven by an increase in our average research and development headcount of 27 employees during the periods presented to support our product development and innovation efforts.

Selling, general and administrative expenses

Selling, general and administrative expenses increased $37.7 million, or 60%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to a $29.2 million increase in salaries, commissions and related expenditure which included $7.4 million in stock-based compensation expense, a $3.5 million increase in professional and consulting fees, a $2.3 million increase in facilities and other costs, a $1.7 million increase in allocated IT and software licenses expense and a $1.0 million increase in reimbursement collection services fees. The increase in selling, general and administrative expenses was driven by an increase in our average selling, general and administrative headcount of 133 employees during the periods presented to support our sales, marketing and other corporate strategies.

Interest income

Interest income increased by $6.4 million, or 216%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to a higher average balance of cash and cash equivalents, compared to the six months ended June 30, 2025, due to the proceeds from our IPO in November 2025.

Interest expense

Interest expense decreased $0.1 million, or 75%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025.

Change in fair value of term loan

Change in fair value of term loan increased $4.1 million, or 133% for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was due to a change in fair value of the Oberland Capital debt of $3.2 million, primarily related to the draw of the third tranche on March 31, 2026, an increase in interest expense of $0.6 million and an increase in revenue participation payments of $0.3 million.

Other income (expense), net

Other income (expense), net increased $0.6 million for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily due to $0.6 million in other income related to an insurance recovery.

Non-GAAP financial measures

We use certain non-GAAP financial measures to supplement our unaudited financial statements, which are presented in accordance with GAAP. These non-GAAP financial measures include EBITDA, Adjusted EBITDA, non-GAAP income (loss) from operations, and non-GAAP net income (loss). We use these non-GAAP financial measures for financial and operational decision-making and as a means to assist us in evaluating period-to-period comparisons. By excluding the impact of certain items that we believe do not directly reflect our underlying operations, we are of the opinion that EBITDA, Adjusted EBITDA, non-GAAP income (loss) from operations and non-GAAP net income (loss) provide meaningful supplemental information regarding our performance. Accordingly, we believe these non-GAAP financial measures are useful to investors and others because they allow for additional information with respect to financial measures used by management in its financial and operational decision-making and forecasting. These metrics also provide investors and other users of our financial information with additional tools to compare business performance across companies and periods, while eliminating the effects of items that may vary for different companies for reasons unrelated to core operating performance. However, there are a number of limitations related to the use of non-GAAP financial measures, and these non-GAAP measures should be considered in addition to, not as a substitute for or in isolation from, our financial results prepared in accordance with GAAP. Other companies, including companies in our industry, may calculate these non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

EBITDA

We define EBITDA as net income (loss) adjusted for income taxes, interest income, interest expense, and depreciation and amortization expense. A reconciliation of net income (loss), the most directly comparable GAAP financial measure, to EBITDA is presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ 8,054	$ (246)	$ 26,024	$ (4,234)
Provision for income taxes	(536)	14	3	114
Interest (income)	(4,694)	(1,451)	(9,339)	(2,957)
Interest expense	8	32	18	72
Depreciation and amortization	1,829	1,746	3,567	3,540
EBITDA	$ 4,661	$ 95	$ 20,273	$ (3,465)

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) adjusted for income taxes, interest income, interest expense, depreciation and amortization expense, and certain other items which include significant non-cash items events that are highly variable, significant in size, and that we do not believe are indicative of ongoing or future business operations, which include: stock-based compensation expense; change in fair value of term loan; and change in fair value of warrant liabilities. A reconciliation of net income (loss), the most directly comparable GAAP financial measure, to Adjusted EBITDA is presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ 8,054	$ (246)	$ 26,024	$ (4,234)
Provision for income taxes	(536)	14	3	114
Interest (income)	(4,694)	(1,451)	(9,339)	(2,957)
Interest expense	8	32	18	72
Depreciation and amortization	1,829	1,746	3,567	3,540
Stock-based compensation expense	8,217	2,732	14,726	5,106
Change in fair value of term loan	2,968	10	7,229	3,102
Change in fair value of warrant liabilities	297	14	(62)	(42)
Adjusted EBITDA	$ 16,143	$ 2,851	$ 42,166	$ 4,701

Non-GAAP income (loss) from operations

We define non-GAAP income (loss) from operations as income (loss) from operations presented in accordance with GAAP, adjusted to exclude stock-based compensation expense.

A reconciliation of income (loss) from operations, the most directly comparable GAAP financial measure, to non-GAAP income (loss) from operations is presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Income (loss) from operations	$ 5,503	$ (1,627)	$ 23,337	$ (3,942)
Stock-based compensation expense	8,217	2,732	14,726	5,106
Non-GAAP income (loss) from operations	$ 13,720	$ 1,105	$ 38,063	$ 1,164

Non-GAAP net income (loss)

We monitor non-GAAP net income (loss) for planning and performance measurement purposes. We define non-GAAP net income (loss) as net income (loss) reported on our statements of operations and comprehensive income (loss), excluding the impact of stock-based compensation expense, change in fair value of the term loan and change in fair value of warrant liabilities. We exclude fair value adjustments related to debt, which can fluctuate significantly and do not directly reflect our underlying operations. Our calculation of non-GAAP net income (loss) does not currently include the tax effects of the stock-based compensation expense adjustment because such tax effects have not been material to date.

A reconciliation of net income (loss), the most directly comparable GAAP financial measure, to non-GAAP net income (loss) is presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net income (loss)	$ 8,054	$ (246)	$ 26,024	$ (4,234)
Stock-based compensation expense	8,217	2,732	14,726	5,106
Change in fair value of term loan	2,968	10	7,229	3,102
Change in fair value of warrant liabilities	297	14	(62)	(42)
Non-GAAP net income (loss)	$ 19,536	$ 2,510	$ 47,917	$ 3,932

Liquidity and capital resources

Since our inception, prior to our IPO, we financed our operations primarily through the issuance of convertible notes, redeemable convertible preferred stock, debt, and cash generated from the sale of our products. As of June 30, 2026, our principal sources of liquidity were cash and cash equivalents of $548.6 million and working capital of $595.7 million. On November 7, 2025, we closed our IPO of our Class A common stock. The total net proceeds received were approximately $286.9 million after deducting underwriting discounts, commissions and offering expenses payable by us. Cash and cash equivalents are comprised of cash held in sweep accounts, checking accounts, lock-box accounts and money market funds. Our principal use of cash is to fund operations and invest in research and development to support our growth.

We have generated significant losses from operations and negative cash flows from operating activities in the past as reflected in our accumulated deficit of $248.7 million as of June 30, 2026. While we did have positive income from operations and positive cash flows in the six months ended June 30, 2026, we may be unable to sustain positive income from operations and positive cash flows in future periods. We believe our current cash and cash equivalents will be sufficient to fund our operations for at least the next 12 months. Our future capital requirements, however, will depend on many factors, including our growth rate, the timing and extent of our sales and marketing and research and development expenditures, the continuing market acceptance of our products, and the use of cash to fund potential mergers or acquisitions. In the event that additional financing is required from outside sources, we may seek to raise additional funds through equity, equity-linked arrangements, and debt. If we are unable to raise additional capital when desired and at reasonable rates, our business, results of operations, and financial condition could be adversely affected.

Oberland Capital note purchase agreement

We have a debt facility with availability of up to $140.0 million, issuable in four separate tranches, pursuant to a Note Purchase Agreement, dated as of August 2, 2024, by and among us, the purchasers party thereto, and BWCB SA LLC (an entity affiliated with Oberland Capital), as purchaser's agent. The advanced principal accrues interest at a rate of 8.0% per annum. The first tranche of $50.0 million was advanced on August 5, 2024, with a maturity date of August 5, 2031, interest-only payments through August 5, 2031 and a lump sum payment due on August 5, 2031. The lump sum payment includes all of the outstanding principal plus a payment that would generate an internal rate of return ("IRR") for the purchasers of 10.0%. The term loan advances are secured by a lien on our assets.

We were required to sell a tranche of notes in the amount of $30.0 million prior to March 31, 2026 as we achieved the revenue and gross margin thresholds triggering this obligation on June 30, 2025 based on our results for the first half of 2025. The thresholds triggering this tranche were trailing six-month revenue of at least

$112.5 million and a trailing six-month gross margin of at least 45%. The third tranche of $30.0 million was advanced on March 31, 2026, with a maturity date of August 5, 2031, interest-only payments through August 5, 2031 and a lump sum payment due on August 5, 2031. The terms of this tranche are identical to those of the first $50.0 million tranche. We did not elect the option to draw on the fourth tranche.

We have the option at any time to prepay all of the then-outstanding notes, and Oberland Capital has the option to redeem the notes upon a change in control of the Company, an event of default, or maturity. The repayment amount of the note shall equal: (1) 130% of the principal amount if the payment is made within 24 months of issuance; (2) 145% of the principal amount if the payment is made within 36 months of issuance; (3) if the payment is made within 48 months, an amount that would generate an IRR for the purchasers of 12.25%; (4) if the payment is made within 60 months of the issuance, an amount that would generate an IRR for the purchasers of 11.75%; (5) if the payment is made thereafter but prior to maturity, an amount that would generate an IRR for the purchasers of 11.25%; and (6) if the payment is made at maturity, an amount that would generate an IRR for the purchasers of 10.0%.

Beginning with the fiscal quarter ended March 31, 2025, excluding any fiscal quarter in which our aggregate cash and cash equivalents is greater than 1.1 times the aggregate principal amount of the notes issued under the Note Purchase Agreement, we are required to maintain trailing six-month net revenue based on a schedule that gradually increases up to $120.0 million as of December 31, 2026, and a trailing six-month gross margin (as defined in the Note Purchase Agreement) of not less than 30%. As of June 30, 2026, we were in compliance with all financial covenants in the agreement. The Note Purchase Agreement also contains a revenue participation provision, under which, for any fiscal quarter, 0.01% of net revenue for such fiscal quarter (up to $100.0 million of net revenue for each fiscal year) per each $1.0 million principal amount of the notes will be payable to Oberland Capital. The revenue participation payments are additional financing costs of the loan and are included in the computation of the internal rate of return measures described in the preceding paragraph. Beginning with the fiscal year beginning January 1, 2025, we are required to make revenue participation payments under the Note Purchase Agreement.

Cash flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Six Months Ended June 30,	
	2026	2025
Net cash provided by operating activities	$ 24,566	$ 3,807
Net cash used in investing activities	$ (8,520)	$ (5,221)
Net cash provided by (used in) financing activities	$ 36,607	$ (1,105)

Operating activities

Net cash provided by operating activities during the six months ended June 30, 2026 was $24.6 million. Net income of $26.0 million included $24.9 million in non-cash charges primarily resulting from $14.7 million of stock-based compensation, $3.6 million of depreciation and amortization, $2.8 million of amortization of right-of-use assets, and aggregate $3.7 million of change in fair value of the common stock warrant liability and term loan. Operating assets had outflows of $38.5 million primarily resulting from a $33.3 million increase in accounts receivable, driven partially by new agreements entered into with payors in 2026, $3.6 million increase in inventory, $1.0 million increase in prepaid expenses and other current assets and a $0.6 million increase in other non-current assets. Operating liabilities had inflows of $12.1 million primarily resulting from a $15.6 million increase in accounts payable and accrued expense balances, offset by a $2.4 million decrease in operating lease liabilities and $1.2 million decrease in deferred revenue.

Net cash provided by operating activities during the six months ended June 30, 2025 was $3.8 million. Net loss of $4.2 million included $11.7 million in non-cash charges primarily resulting from $5.1 million of stock-based compensation, $3.5 million of depreciation and amortization, $2.5 million of amortization of right-of-use assets, and aggregate $0.5 million of change in fair value of the common stock warrant liability, term loan and convertible notes. Operating assets had outflows of $11.0 million primarily resulting from a $5.7 million increase in accounts receivable, $5.0 million increase in inventory, and $2.7 million increase in other non-current assets, offset by a $2.4 million decrease in prepaid and other current assets. Operating liabilities had inflows of $7.4 million primarily resulting from an $10.1 million increase in accounts payable and accrued expense balances, offset by a $2.1 million decrease in operating lease liabilities and $0.6 million decrease in deferred revenue.

Investing activities

Net cash used in investing activities during the six months ended June 30, 2026 totaled $8.5 million due to purchases of property and equipment.

Net cash used in investing activities during the six months ended June 30, 2025 totaled $5.2 million due to purchases of property and equipment.

Financing activities

Net cash provided by financing activities during the six months ended June 30, 2026 totaled $36.6 million which was comprised of $30.0 million from the draw of the third tranche of the Oberland Debt and $7.4 million in proceeds from the exercise of stock options, offset by $0.5 million of payments of deferred offering costs and $0.3 million of principal payments on finance lease liabilities.

Net cash used in financing activities during the six months ended June 30, 2025 totaled $1.1 million which was comprised of $1.0 million principal payments on finance lease liabilities and $0.6 million of payments of deferred offering costs, offset by $0.5 million in proceeds from the exercise of stock options.

Contractual obligations and commitments

Operating lease commitments. Our operating lease commitments primarily include our labs and corporate offices. As of June 30, 2026, we had fixed lease payment obligations of $67.7 million, with $10.4 million to be paid within 12 months and the remainder thereafter.

Finance lease commitments. Our finance lease commitments primarily relate to equipment used in our labs. As of June 30, 2026, we had fixed lease payment obligations of $0.6 million, with $0.4 million to be paid within 12 months and the remainder thereafter.

Off-balance sheet arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical accounting estimates

We prepare our unaudited financial statements in conformity with GAAP. The preparation of unaudited financial statements in conformity with GAAP required certain estimates and assumptions to be made that may affect our unaudited financial statements. Accounting policies that have a significant impact on our results are described in Note 2 to our unaudited financial statements included in Part 1, Item 1 in this Quarterly Report on From 10-Q. We consider an accounting policy to be critical if the policy is subject to a material level of judgment and if changes in those judgments are reasonably likely to materially impact our results.

We base our estimates and judgments on reasonably available information. Our estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and such differences may be material to the unaudited financial statements.

We continue to monitor and assess our critical estimates in light of developments, and as new events occur and additional information is obtained, our estimates may change materially in future periods.

For a discussion of our critical accounting estimates, please refer to Item 7 under Part II, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2025. Since December 31, 2025, there have been no material changes to our critical accounting estimates.

Recent accounting pronouncements

See Note 2 of our unaudited financial statements included in Part 1, Item 1 in this Quarterly Report on From 10-Q for more information regarding recently issued accounting pronouncements.

Emerging growth company status

We are an “emerging growth company” as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this exemption from new or revised accounting standards until the earlier of the date we (i) qualify for treatment as an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided for emerging growth companies. As a result, our unaudited financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates, inflation and foreign currency exchange rates.

Interest Rate Risk

We are exposed to market risk for changes in interest rates related primarily to our cash and cash equivalents and our indebtedness. As of June 30, 2026 and December 31, 2025, we had cash and cash equivalents of $548.6 million and $496.0 million, respectively, held primarily in cash deposits and money market funds. As of June 30, 2026, we had a net balance of $91.0 million outstanding under our Oberland Capital Note Purchase Agreement, which is subject to quarterly interest payments. A hypothetical 100 basis point increase or decrease in interest rates would not be material to our financial condition or results of operations.

Foreign currency exchange rate fluctuations

Our operations are currently conducted almost entirely in the United States as international markets represented less than 1% of our revenue during the three months ended June 30, 2026. If we choose to expand internationally, our results of operations and cash flows may become subject to fluctuations due to changes in foreign currency exchange rates. In periods when the U.S. dollar declines in value as compared to the foreign currencies in which we incur expenses, our foreign currency based expenses would increase when translated into U.S. dollars. In addition, future fluctuations in the value of the U.S. dollar may affect the price at which we sell our tests outside the United States. To date, our foreign currency risk has been minimal. As of June 30, 2026, the effect of a hypothetical 10% change in foreign currency exchange rates would not be material to our financial condition or results of operations. To date, we have not entered into any hedging arrangements with respect to foreign currency risk.

Inflation risk

We are also exposed to inflation risk and inflationary factors, such as increases in raw material and overhead costs, which could impair our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of revenue.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has 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 the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2026 due to the material weaknesses in our internal control over financial reporting as described below.

Management performed additional procedures, including supplementary analyses and enhanced review procedures, to provide reasonable assurance regarding the reliability of the financial statements. Notwithstanding the material weaknesses and based on the additional analyses and procedures performed, Management has concluded that the financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States.

Internal Control over Financial Reporting

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.

We previously reported material weaknesses in our internal control over financial reporting, and they remained unremediated as of June 30, 2026, relating to the following:

- We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lack a sufficient complement of resources with the appropriate knowledge, experience, and training to appropriately analyze, record and disclose accounting matters commensurate with our accounting and reporting requirements. Additionally, the lack of sufficient resources resulted in an inability to consistently establish appropriate segregation of duties in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses:
- We did not design and maintain effective controls to appropriately analyze, account for, and present and disclose amounts related to certain financial instruments. Specifically, we did not design and maintain controls to appropriately analyze, account for, and present and disclose amounts related to outstanding common stock warrants. Additionally, we did not design and maintain controls to appropriately present and disclose amounts related to debt instruments.
- We did not design and maintain effective user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to appropriate personnel in creating and posting journal entries.

These material weaknesses, other than that related to user and privileged access controls, resulted in immaterial adjustments to the December 31, 2024 and 2023 financial statements. Additionally, these material weaknesses could result in a misstatement of account balances or disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected.

Remediation Efforts

We continue to make progress towards remediating these material weaknesses. These remediation measures are ongoing as of the date of this Quarterly Report on Form 10-Q and include:

- engaging third parties to assist with technical accounting matters and designing and implementing controls;
- hiring additional personnel, such as accounting, finance, information technology staff and other professionals with appropriate levels of knowledge and experience and designing and implementing controls to ensure appropriate segregation of duties in our finance and accounting functions;
- designing and implementing controls over user access, including restrictions over privileged access as it relates to creating and posting journal entries; and
- designing and implementing controls to properly analyze, account for, present and disclose certain financial instruments transactions.

We have made progress towards designing and implementing the plan to remediate the material weaknesses and will continue to review, revise, and improve the design and implementation of our internal controls as appropriate. Although we have made enhancements to our control procedures, these material weaknesses will not be considered remediated until our controls are effectively designed, implemented, and operational for a sufficient period of time, and management concludes, through testing, that these controls are operating effectively. Accordingly, the material weaknesses were not remediated as of June 30, 2026.

We remain committed to remediating the material weaknesses and management, with the oversight of our Audit Committee, has devoted and will continue to devote considerable effort to remediate the material weaknesses identified above.

Changes in Internal Control over Financial Reporting

Except for the ongoing remediation measures described above, there were no changes in our internal control over financial reporting identified (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we are involved in legal claims, regulatory investigations, inquiries, proceedings and other legal matters arising from the normal course of business and typical for our industry. Although no formal legal proceeding has been instituted, from time to time, we receive requests from governmental agencies, or third parties working on their behalf, for documents and information related to our products. We do not view any of the legal claims, regulatory investigations, inquiries, proceedings and other legal matters that we are currently subject to as being material to our business; however, it is difficult to assess the outcome of these matters, and we may not prevail in any current or future proceedings or litigation.

Litigation or any other legal, regulatory or administrative proceedings, regardless of the outcome, can result in substantial cost and diversion of our resources, including our management's time and attention, and there can be no assurances that favorable final outcomes will be obtained.

See Note 5 of our unaudited financial statements included in Part 1, Item 1 in this Quarterly Report on Form 10-Qfor more information concerning certain legal proceedings in which we are involved, which is hereby incorporated by reference. The resolution of any such legal proceeding is subject to inherent uncertainty and could have a material adverse effect on our financial condition, cash flows or results of operations.

Item 1A. Risk Factors

Investing in our Class A common stock involves a high degree of risk. In addition to the information set forth in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, you should consider carefully the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the Securities and Exchange Commission on March 11, 2026. The occurrence of any of the risks and uncertainties described in such Annual Report could materially and adversely affect our business, financial condition, results of operations and prospects. In that event, the price of our Class A common stock could decline and you could lose part or all of your investment. Furthermore, such risks are not the only ones we face; additional risks and uncertainties not currently known or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

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

Unregistered sales of equity securities

On May 6, 2026, we issued shares of our Class A common stock to Western Alliance Bank upon exercise of outstanding Class A common stock warrants, pursuant to a net exercise mechanism. 80,357 of the warrants had an exercise price of $2.80, and 41,209 of the warrants had an exercise price of $10.92. The net exercise resulted in the issuance of 113,116 shares of Class A common stock, with 8,450 shares withheld to cover the aggregate exercise price.

On June 8, 2026, we issued 10,000 shares of our Class A common stock to Oguzhan Atay, our Chief Executive Officer and the Chair of our Board of Directors, in connection with the conversion at Mr. Atay's option of an equivalent number of shares of our Class B common stock held by Mr. Atay.

We believe the sales and issuances of the above securities were exempt from registration under the Securities Act of 1933, as amended pursuant to Section 3(a)(9) thereof, because our securities were exchanged by us with our existing security holders exclusively where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange.

Use of proceeds

On November 7, 2025, we closed our IPO in which we issued and sold 5,233,765 shares of our Class A common stock, which included the exercise in full by the underwriters of their option to purchase 682,665 shares of our Class A common stock, at a price to the public of $60.00 per share. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333-290761), as amended, which became effective on November 5, 2025. There has been no material change in the expected use of the net proceeds from our IPO as described in the final prospectus dated as of November 5, 2025 and filed with the SEC pursuant to Rule 424(b)(4) on November 6, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Disclosure of Trading Arrangements

During the fiscal quarter ended June 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K, except as described in the paragraphs below.

On June 2, 2026, John ten Bosch, our Senior Vice President of Laboratory Operations, entered into a pre-arranged stock trading plan. Such trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Mr. ten Bosch’s plan provides for, subject to certain market price limits and other terms set forth in the plan, the sale of up to 12,750 shares of Class A common stock between September 9, 2026 and December 4, 2026.

On June 5, 2026, Oguzhan Atay, our Chief Executive Officer and the Chair of our Board of Directors, entered into a pre-arranged stock trading plan. Such trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Mr. Atay’s plan provides for, subject to certain market price limits and other terms set forth in the plan, the exercise of up to 100,000 stock options and sale of the underlying shares of Class A common stock, between September 14, 2026 and November 27, 2026.

On June 5, 2026, David Tsao, our President, Chief Technology Officer and a member of our Board of Directors, entered into a pre-arranged stock trading plan. Such trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Mr. Tsao’s plan provides for, subject to certain market price limits and other terms set forth in the plan, the exercise of up to 70,000 stock options and sale of the underlying shares of Class A common stock, between September 9, 2026 and December 4, 2026.

On June 8, 2026, Thomas Lynch, our General Counsel, entered into a pre-arranged stock trading plan. Such trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Mr. Lynch’s plan provides for, subject to certain market price limits and other terms set forth in the plan, the exercise of up to 38,226 stock options and sale of the underlying shares of Class A common stock, between September 8, 2026 and December 9, 2026.

On June 8, 2026, Shan Riku Sakakibara, our Chief Product Officer, entered into a pre-arranged stock trading plan. Such trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Ms. Sakakibara’s plan provides for, subject to certain market price limits and other terms set forth in the plan, (a) the sale of up to 12,000 shares of Class A common stock, and (b) the exercise of up to 8,000 stock options and sale of the underlying shares of Class A common stock, between September 8, 2026 and December 9, 2026.

On June 9, 2026, Nancy Johnson, our Senior Vice President of Sales and Commercial Operations, entered into a pre-arranged stock trading plan. Such trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Ms. Johnson’s plan provides for, subject to certain market price limits and other terms set forth in the plan, (a) the sale of up to 25,582 shares of Class A common stock, and (b) the exercise of up to 30,000 stock options and sale of the underlying shares of Class A common stock, between October 1, 2026 and December 31, 2026, to the extent such trades were not previously executed under Ms. Johnson’s prior stock trading plan entered into on March 6, 2026, which terminates on August 31, 2026

Item 6. Exhibits

(a) Exhibits

Exhibit No	Description of Exhibit	Form	File No.	Exhibit Number	Filing Date	Filed or Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-42934	3.1	November 10, 2025	
3.2	Amended and Restated Bylaws of Registrant	8-K	001-42934	3.2	November 10, 2025	
10.1	Lease Agreement between BillionToOne, Inc. and TPI Investors 21, LLC, dated April 19, 2024					X
10.2	First Amendment to Lease Agreement between BillionToOne, Inc. and Tarlton-Reger Owner, LLC (as successor-in-interest to TPI Investors 21, LLC), dated August 29, 2025					X
10.3	Lease Agreement between BillionToOne, Inc. and Whipple Road Portfolio, LLC, dated June 23 2026					X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101					

* The certifications furnished in Exhibits 32.1 and 32.2 are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Signatures

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

		BillionToOne, Inc.
Date: August 5, 2026	By:	/s/ Oguzhan Atay
		Oguzhan Atay Chief Executive Officer *(Principal Executive Officer)*
Date: August 5, 2026	By:	/s/ Ross Taylor
		Ross Taylor Chief Financial Officer *(Principal Financial and Accounting Officer)*

LEASE
BY AND BETWEEN

TPI INVESTORS 21, LLC, LANDLORD

AND

BILLIONTOONE, INC., TENANT

East Village Labs

Austin, Travis County, Texas

April 19, 2024

LEASE

East Village Labs
Austin, Texas

THIS LEASE, referred to herein as this "**Lease**," is made and entered into as of April 19, 2024, by and between **TPI INVESTORS 21, LLC**, a California limited liability company, hereafter referred to as "**Landlord**," and **BILLIONTOONE, INC.**, a Delaware corporation, hereafter referred to as "**Tenant**."

RECITALS

A. Landlord will acquire or is the owner of approximately 12.4 acres of real property located in Travis County, Texas, as more particularly described on Exhibit "A" attached hereto and incorporated by reference herein, together with all easements and appurtenances thereto (collectively, the "**Land**"). The Land is located within an approximately 425-acre area known, or to be known, as East Village, which is an area owned by multiple owners and planned to contain a mixed used project to be developed in phases over time (such larger area being collectively referred to herein as the "**East Village Project**"). As part of the East Village Project, the Land is subject to that certain East Village Master Covenant [*Commercial*] recorded as Document No. 2021119734 in the Official Public Records of Travis County, Texas (as amended and/or supplemented from time-to-time, the "**Master Covenant**").

B. Landlord intends to construct, at Landlord's sole cost and expense, a three story building containing approximately 219,675 rentable square feet of area (the "**Building**") on the Land, which together with all sidewalks, driveways, parking lots, parking structures, drainage and detention facilities, landscaping, and other improvements constructed on the Land are collectively referred to as the "**Improvements**". The Land and Improvements are referred to herein collectively as the "**Property**." Tenant acknowledges that it shall be responsible for the cost of constructing the Tenant Improvements (as defined in this Lease) in the Building, provided that Landlord shall provide funding for the Tenant Improvements from the Tenant Improvement Allowance (as defined in this Lease) and, if applicable, the Additional Allowance (as defined in this Lease) in accordance with the Work Letter attached as Exhibit "F" to the Lease.

C. Tenant acknowledges that one or more additional buildings and other Improvements may be constructed by Landlord on the Property in the future. Those areas and facilities of the Property which are for the common use of Tenant, Landlord and other occupants of the Property as determined by Landlord are referred to herein as the "**Common Area**".

D. Landlord and Tenant wish to enter into this Lease of the Premises defined in Paragraph 1 upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Lease.

(a) Beginning on the Commencement Date (as defined in Paragraph 2(a)), Landlord hereby leases to Tenant, and Tenant leases from Landlord, at the rental rate and upon the terms and conditions set forth herein, all of the interior space in the Building which is expected to be approximately 219,675 rentable square feet (the "**Premises**"), together with the right to use

Tenant's share of the on-site parking spaces pursuant to Paragraph 28. Tenant's lease of the Premises shall include the non-exclusive right to use the Common Areas of the Property and the other Improvements on the Property intended for use in common by the tenants of the Property; provided, however, during the Single Tenant Property Period (defined below), Tenant shall be entitled to exclusive use of the Common Area, subject to Landlord's rights and obligations with respect to the Common Area as set forth in this Lease, including those set forth in subparagraph (e) below.

(b) Tenant's **"Pro Rata Share"** shall mean (i) 100% with respect to the Building, and (ii) with respect to the Property, shall mean the quotient, expressed as a percentage, obtained by dividing the rentable square footage of the Premises by the total rentable square footage of the Building and any additional building(s) located on the Land, subject to the following terms and conditions. Beginning on the Commencement Date and continuing until such time as Landlord undertakes demolition of any surface parking spaces on the Property or commences other construction activities on the Property (the "**Construction Area**") for the construction of any other leasable building(s) (the "**Single Tenant Property Period**"), Tenant's Pro Rata Share of Operating Expenses and Taxes for the Property shall be 100%. Beginning on the expiration of the Single Tenant Property Period and continuing until the date of substantial completion of construction of any other leasable building on the Property (the "**Interim Future Construction Period**"), Tenant's Pro Rata Share of Taxes applicable to the Property shall be 100% of the Taxes applicable to the portion of the Property (including the Building) exclusive of the Construction Area. Tenant shall not be responsible for Taxes applicable to the portion of the Property consisting of the Construction Area. For clarity, the Interim Future Construction Period shall expire upon substantial completion of construction of any other leasable building on the Property, and thereafter Tenant's Pro Rata Share shall be determined in accordance with the first sentence of this paragraph. During the Interim Future Construction Period, Landlord may cause the Construction Area portion of the Property to be surveyed by a licensed surveyor selected by Landlord in order to more precisely establish the land area of the Construction Area and such determination by the surveyor shall be binding on Landlord and Tenant absent manifest error. Nothing in this paragraph shall be construed to require Landlord to pursue a change to the tax parcel configuration of the Property maintained by the Travis Central Appraisal District or any other governmental entity.

(i) During the Single Tenant Property Period, if Tenant, in the exercise of its reasonable judgment believes that the ad valorem tax levied against the Property is excessive because of improper valuations, tax rates or special assessments, and should be contested, Tenant shall make such request in writing to Landlord at least sixty (60) days prior to Travis Central Appraisal District's deadline for protest. Landlord will contest the appraised value of the Property for ad valorem tax purposes by pursuing protest proceedings with the Travis Central Appraisal District in accordance with its policies and procedures. Landlord shall keep Tenant reasonably apprised of the progress and outcome of such proceedings at the appraisal district level. If Landlord fails to take any action to contest or appeal such ad valorem tax at least thirty (30) days prior to the deadline for taking such action, then Tenant may contest such ad valorem tax (and shall give notice to Landlord of its election to do so), at no cost to Landlord, at the appraisal district level with reasonable diligence and shall keep Landlord apprised of the progress and outcome of such proceedings at the appraisal district level. If Tenant is dissatisfied with the outcome of such proceedings at the appraisal district level, whether such proceeding is brought by Tenant and/or Landlord, then Tenant and Landlord shall meet to discuss the outcome of such proceedings and determine in good faith whether filing a legal challenge to the appraisal district's determination would be in the best interest of minimizing the ad valorem tax burden on the Property, taking into account the expected cost and likelihood of success of such effort. If both parties agree that filing a legal challenge to the appraisal district's determination of the appraised value is in the best interest of minimizing the ad valorem tax burden on the Property, taking into account the expected cost and likelihood of success of such effort, then Landlord will initiate such challenge using counsel selected by Landlord and reasonably approved by Tenant.. Landlord will keep Tenant reasonably apprised of the progress and outcome of such litigation. Following expiration of the Single Tenant Property Period, Landlord shall be the sole party responsible for determining whether and to what extent to contest the appraised value of the Property for ad valorem tax purposes, provided that Landlord shall make such determination based on its reasonable determination of whether pursuing such a contest would be in the best interest of minimizing the ad valorem tax burden on the Property, taking into account the expected cost and likelihood of success of such effort. Tenant agrees that all actual costs incurred by Landlord to contest the appraised value of the Property for ad valorem tax purposes are included in Taxes and Tenant shall be responsible for its Pro Rata Share thereof.

(c) Following Landlord's obtainment of construction drawings for the Landlord Improvements, Landlord shall determine the rentable square footage of the Building in accordance with the Building Owners and Managers Association (BOMA) 2019 Industrial Standard ("**Measurement Standard**") and, in the event of a change to the expected square footage set forth in the definition of the "Premises" above, Landlord and Tenant shall promptly enter into a written amendment to this Lease evidencing the new square footage and making appropriate adjustments to the calculation of the Base Rent, Tenant Improvement Allowance, Additional Allowance and other Lease terms based on the rentable square footage of the Premises.

(d) In addition to Landlord's rights under subparagraph (c) above, if Landlord expands the Common Area on the Property, or if Landlord or any affiliate of Landlord acquires additional property within the East Village Project ("**Other Landlord Property**") and elects to make Common Area on such Other Landlord Property available for use by Tenant, Landlord may elect to recalculate the rentable square footage of the Premises using the Measurement Standard to include an adjusted common area factor attributable to such expanded or additional Common Area, provided that such recalculation shall not cause the rentable square footage of the Premises to increase by more than four percent (4%). Further, Landlord shall not, without Tenant's prior written approval, not to be unreasonably withheld, make any adjustment to the rentable square footage of the Premises pursuant to this paragraph if such additional Common Area is located on Other Landlord Property offsite of the Property. Promptly following a recalculation, Landlord and Tenant shall promptly enter into a written amendment to this Lease evidencing the new rentable square footage and making appropriate adjustments to the calculation of the Base Rent and other Lease terms, provided that no adjustment shall be made to the Tenant Improvement Allowance and Additional Allowance if construction of the Tenant Improvements has been substantially completed

(e) Except hereinafter provided, Landlord shall retain absolute dominion and control over the Common Area and shall operate and maintain the Common Area in good order and condition; provided, however, such exclusive right shall not materially adversely affect Tenant's access to the Premises nor shall it operate to materially adversely affect Tenant's benefit and enjoyment of the Premises for Tenant's permitted Use. Notwithstanding anything to the contrary herein, Landlord grants Tenant, its employees, invitees, licensees, and other visitors a non-exclusive license to use the Common Area for the Term hereof. Tenant acknowledges that, without advance notice to Tenant, and without any liability to Tenant in any respect, Landlord shall have the right to (provided, such right shall not materially adversely affect Tenant's access to the Premises nor shall it operate to materially adversely affect Tenant's use of the Premises for Tenant's permitted Use):

(i) Close off any of the Common Area to whatever extent required, in the opinion of Landlord, to prevent a dedication of any of the Common Area or the accrual of any rights by any person or the public to the Common Area, provided such closure does not materially deprive Tenant of the benefit and enjoyment of the Premises for its Permitted Use;

(ii) Temporarily close any of the Common Area for maintenance, alteration or improvement purposes;

(iii) Select, appoint or contract with any person for the purpose of operating and maintaining the Common Area, on such terms and conditions as Landlord deems reasonable;

(iv) Change the size, use, shape or nature of any portion of the Common Area, without incurring any liability to Tenant or entitling Tenant to any abatement of Rent, including without limitation construction of a parking garage on the Property's Common Area in accordance with Paragraph 28;

(v) Expand any buildings (other than the Building) or construct new buildings within the Property to cover a portion of the Common Area, convert the Common Area to a portion of other buildings within the Property, or convert any portion of any other buildings within the Property to Common Area. Upon erection of any buildings or change in Common Area, the portion of the other buildings upon which such structures have been erected will no longer be deemed to be a part of the Common Area;

(vi) In addition to the other rights of Landlord under this Lease, Landlord reserves to itself and its respective successors and assigns the right to: (i) change the street address and/or name of the Building and/or Property; (ii) grant to anyone the exclusive right to conduct any particular business or undertaking in the Property; (iii) grant to anyone the exclusive use of portions of any storage areas to tenants; (iv) control the use of the roof and exterior walls of the Building or other buildings in the Property; provided, however, if such proposed use of the roof would materially adversely affect Tenant's use of the Premises for Tenant's Permitted Use, then Landlord shall be required to obtain Tenant's prior approval of such use; (v) change the boundary lines of the lot on which the Building stands and/or Property is located and to make other reasonable changes therein and grant other rights thereto, including, without limitation, the granting of easements, servitudes, rights of way and rights of ingress and egress and similar rights to users of adjacent parcels, utility companies, governmental agencies or other tenants; and make alterations, repairs or replacements within other premises within the Property. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction or disturbance or interruption of the business of Tenant or Tenant's use or occupancy of the Premises; and

(vii) Landlord may elect, but shall not be obligated, to construct and operate amenities (including but not limited to a gym, café or other amenity available for non-exclusive use by Tenant and others) on the Property or Other Landlord Property and may adjust or expand the Common Area as reasonably necessary to include such amenities. In such event, Landlord may elect to recalculate the rentable square footage of the premises as provided in subparagraph (d) above.

(f) Following the date of this Lease, Landlord and Tenant will endeavor to negotiate an agreement whereby Tenant will be permitted to use approximately 2,000 – 5,000 square feet of space on a temporary basis prior to the Commencement Date for purposes of obtaining a Clinical Laboratory Improvement Amendments (CLIA) certificate ("**Potential Temp Space**"). The Potential Temp Space may be located in the East Village Project or elsewhere in the Austin, Texas area. Landlord and Tenant acknowledge and agree that the material terms of an agreement regarding the Potential Temp Space (including location, rent, commencement, term, and improvement allowance) have not been agreed to as of the date of this Lease; neither party is obligated to enter into an agreement or agree to any particular terms for the Potential Temp Space; and either party may elect to discontinue such negotiations for the Potential Temp Space at any time.

2.	Term.

(a)	The term of this Lease (the "**Term**") shall commence on the earlier of (i) the date that Landlord delivers the Premises to Tenant with the Landlord Improvements summarized on Exhibit "F-1" and the Tenant Improvements Substantially Completed (as such term is defined in the Work Letter attached hereto as Exhibit "F") (the "**Commencement Date**"), and (ii) the date such work would have been Substantially Completed but for the occurrence of Tenant Delays (as defined in the Work Letter). Upon the Commencement Date, the Premises shall be in good condition with the Building systems serving the Premises in good working condition, including the roof and roof membrane in watertight condition, HVAC, mechanical, electrical, plumbing in good working condition and operable (the "**Delivery Condition**"). If the Delivery Condition is not satisfied as of the Commencement Date as determined by a third party commissioning agent selected by Landlord, then Landlord shall diligently pursue completion of the work necessary to satisfy the Delivery Condition and the Monthly Base Rent and Additional Rent shall be abated until the date on which Landlord has satisfied the Delivery Condition as determined by the third party commissioning agent. Tenant hereby agrees that, subject to Landlord's obligations relating to the Tenant Improvements, and that, except as otherwise expressly set forth in this Lease, there are no representations or warranties of any kind, express or implied, by Landlord regarding the Premises or the Building. The Commencement Date shall be confirmed in writing by Landlord and Tenant by the execution and delivery of the Commencement Memorandum in the form attached hereto as Exhibit "D". Notwithstanding anything to the contrary, if the Commencement Date does not occur on or before December 31, 2026 (the "**Outside Delivery Date**"), the Monthly Base Rent shall abate one day for every day between the Outside Delivery Date and the Commencement Date to the extent not caused by any Tenant Delays or force majeure delays (as defined in Paragraph 20(e)). The abatements, if any, under this Section 2(a) shall run successively, not concurrently, with each other and with the Base Rent Abatement Period (defined below).

(b)	The Term of this Lease shall expire, unless sooner terminated in accordance with the express provisions of this Lease, on the last day of the one hundred eighty-ninth (189th) full calendar month after the Commencement Date.

(c)	Extension Option. Tenant shall have one (1) option to extend the Term of this Lease ("**Extension Option**") for an additional period of seven (7) years ("**Extended Term**") by giving Landlord written notice of such election ("**Option Exercise Notice**") not earlier than twelve (12) months nor later than nine (9) months prior to the expiration of the initial Term. If Tenant does not timely deliver the Option Exercise Notice, Tenant's right to exercise the Extension Option shall terminate. Tenant shall have no right to exercise the Extension Option notwithstanding any provision in the grant to the contrary if Tenant does not occupy at least fifty percent (50%) of the Premises or is in default of this Lease after expiration of any applicable notice and cure period. The Extension Option may be exercised by the originally-named tenant or a Permitted Transferee that has taken an assignment of this Lease and may not be exercised or assigned, voluntarily or involuntarily, by or to any person or entity or exercised for the occupancy of any other person or entity. The Extended Term shall be on the same terms and conditions as contained in this Lease except that (i) there shall be no further right to extend the Lease beyond the Extended Term, (ii) there shall be no obligation to pre-pay monthly base rent, initial rent concessions or abatements or obligation of Landlord to construct tenant improvements or pay a tenant improvement allowance, and (iii) Monthly Base Rent during the Extended Term shall equal to the Fair Market Rental Rate determined in accordance with this Paragraph.

As used herein, the term "**Fair Market Rental Rate**" means the rental rate that Landlord could obtain during the Extended Term from a third party desiring to lease the Premises, based upon the permitted Use, by rents then being obtained for new leases of space comparable in age, build-out and quality to the Premises in the locality of the Premises.

If Tenant delivers the Option Exercise Notice, Landlord shall, within thirty (30) days of receipt thereof, send Tenant a written notice setting forth the Fair Market Rental Rate for the Extended Term. If Tenant disputes Landlord's determination, Tenant shall, within thirty (30) days of Landlord's notice setting forth Landlord's determination of the Fair Market Rental Rate, send to Landlord a notice stating that Tenant disagrees with Landlord's determination and elects to resolve the disagreement as set forth herein. If Tenant does not send Landlord a notice as provided in the previous sentence, Landlord's determination of Fair Market Rental Rate shall be the Monthly Base Rent payable by Tenant during the Extended Term. If Tenant elects to resolve the disagreement as provided below and such procedures are not concluded prior to the commencement date of the Extended Term, Tenant shall pay to Landlord as Monthly Base Rent the Fair Market Rental Rate set forth in Landlord's notice. If the Fair Market Rental Rate as finally determined pursuant to the provisions set forth below is greater than Landlord's determination, Tenant shall pay Landlord the difference between the amount paid by Tenant and the Fair Market Rental Rate as so determined within thirty (30) days after said determination. If the Fair Market Rental Rate as finally determined is less than Landlord's determination, the difference between the amount paid by Tenant and the Fair Market Rental Rate as so determined shall be credited against the next installments of Monthly Base Rent due from Tenant to Landlord hereunder.

Any disagreement regarding the Fair Market Rental Rate shall be resolved as follows:

(i) If within thirty (30) days of Tenant's notice of disagreement with Landlord's determination of Fair Market Rental Rate, Landlord and Tenant cannot reach agreement as to Fair Market Rental Rate, Landlord and Tenant shall each select one appraiser to determine the Fair Market Rental Rate. Each such appraiser shall arrive at a determination of the Fair Market Rental Rate and submit their conclusions to Landlord and Tenant within sixty (60) days of Tenant's notice of disagreement of Landlord's determination of the Fair Market Rental Rate.

(ii) If only one appraisal is submitted within the requisite time period, it shall be deemed as the Fair Market Rental Rate. If both appraisals are submitted within such time period and the two appraisals so submitted differ by less than ten percent (10%), the average of the two shall be deemed as the Fair Market Rental Rate. If the two appraisals differ by more than ten percent (10%), the appraisers shall immediately select a third appraiser who shall, within fifteen (15) days after his/her selection, determine which of the two appraisals most closely represents the Fair Market Rental Rate.

(iii) All appraisers specified pursuant to this Paragraph shall be either members of the American Institute of Real Estate Appraisers or a licensed Texas Real Estate Broker with not less than ten (10) years' experience appraising office properties in the immediate geographic area of the Building. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser. The "**immediate geographic area of the Building**" shall mean the city of Austin, Texas.

3. Early Access. Landlord shall permit Tenant to enter the Premises on the date Landlord reasonably determines to be approximately ninety (90) days prior to the Commencement Date

(the “**Early Access Period**”) for the sole purpose of inspecting the Premises and installing wiring, cabling, furniture, fixture, equipment (including IT infrastructure), tenant art, and acoustic treatments (“**Early Entry**”); provided that such Early Entry is conducted in a manner as to not interfere with Landlord’s Substantial Completion of the Tenant Improvements (as defined in Exhibit “F”, the “**Work Letter**”) or the Landlord Improvements (defined in Paragraph 13(a) below). If the Early Access Period is less than ninety (90) days, then the Monthly Base Rent and Additional Rent shall abate one day for the difference between the actual Early Access Period and ninety (90) days, which shall run successively and not concurrently with any other abatements under this Lease. For example, if the actual Early Access Period is seventy-five (75) days, then Tenant shall be entitled to fifteen (15) days of abated Monthly Base Rent and Additional Rent. If Tenant’s Early Entry results in a delay of Landlord’s Substantial Completion of the Tenant Improvements or the Landlord Improvements, then such Early Entry shall be a Tenant Delay and Landlord may terminate Tenant’s Early Entry. Such Early Entry shall at Tenant's sole risk and subject to all of the terms and conditions contained in this Lease (other than the payment of Monthly Base Rent and Additional Rent), including without limitation, Tenant’s prior delivery to Landlord of insurance certificates evidencing that Tenant has obtained the insurance required pursuant to this Lease. Tenant shall not conduct its business in the Premises at any time during the Early Access Period. In addition to the foregoing, Landlord shall have the right to impose such reasonable additional conditions on Tenant's Early Entry as Landlord shall reasonably deem appropriate.

4. Monthly Base Rent.

(a) Commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the end of the Term, Tenant shall pay to Landlord in monthly installments in advance the Monthly Base Rent for the Premises in lawful money of the United States as follows:

Months	$/SF/Mo./NNN	Monthly Base Rent (based on 219,675RSF)
1-9*	$4.6500	$1,021,488.75
10-12	$4.6500	$1,021,488.75
13-24	$4.7895	$1,052,133.41
25-36	$4.9332	$1,083,697.41
37-48	$5.0812	$1,116,208.34
49-60	$5.2336	$1,149,694.59
61-72	$5.3906	$1,184,185.43
73-84	$5.5523	$1,219,710.99
85-96	$5.7189	$1,256,302.32
97-108	$5.8905	$1,293,991.39

109-120	$6.0672	$1,332,811.13
121-132	$6.2492	$1,372,795.46
133-144	$6.4367	$1,413,979.33
145-156	$6.6298	$1,456,398.71
157-168	$6.8287	$1,500,090.67
169-180	$7.0335	$1,545,093.39
180-189	$7.2445	$1,591,446.19

Subject to Paragraph 22(f) of this Lease, Landlord shall abate Tenant's obligation to pay Monthly Base Rent with respect to the entire Premises for the first (1st) month through and including the ninth (9th) month following the Commencement Date (the "**Base Rent Abatement Period**") in the total amount of $9,193,398.75 (the "**Abated Base Rent**") in accordance with the schedule set forth above. However, Landlord may elect, at its sole option, to pay Tenant an amount equal to the Abated Base Rent in lieu of providing the Base Rent Abatement Period, or if the Base Rent Abatement Period has already commenced, an amount equal to the then-unused Abated Base Rent in lieu of providing the remainder of the Base Rent Abatement Period. In either case, Tenant agrees, if requested by Landlord, to enter into written amendment to this Lease or an estoppel certificate confirming the cancellation of the Base Rent Abatement Period or remaining portion thereof. During any Base Rent Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under the Lease, relative to Tenant's use and occupancy of the Premises, including Tenant's Pro Rata Share of Operating Expenses and Taxes as set forth in the Lease.

Upon the execution and delivery of this Lease by Tenant, Tenant shall pay to Landlord (1) the cash sum of $1,021,488.75 representing the installment of Monthly Base Rent due for the first month following the Commencement Date. If the Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid rent shall be credited to the partial first calendar month of the term and partially to the following month's rent. Thereafter, Monthly Base Rent shall be paid monthly in advance on the first day of each calendar month. Tenant shall also pay to Landlord upon the execution and delivery of this Lease the additional amount of $2,042,977.50 representing the initial amount of the Security Deposit (as defined in Paragraph 7 below).

5. Additional Rent; Operating Expenses and Taxes.

(a) In addition to the Monthly Base Rent payable by Tenant pursuant to Paragraph 4, commencing on the Commencement Date Tenant shall pay to Landlord, as "**Additional Rent**," (1) Tenant's Pro Rata Share of the Operating Expenses of the Building, (2) Tenant's Pro Rata Share of the Operating Expenses of the Property, and (3) Tenant's Pro Rata Share of the

Taxes (as defined in Paragraph 5(c) below). Monthly Base Rent and Additional Rent are referred to herein collectively as "**rent**."

(b) "**Operating Expenses**," as used herein, shall include all costs incurred by Landlord in the ownership, management, operation, administration (including concierge services) maintenance, repair and replacement of the Property, including the cost of all maintenance, repairs, and restoration of the Property performed by Landlord pursuant to Paragraphs 14(a) and 14(b) hereof, including, but not limited to:

(i) Personal property taxes related to the Premises; any parking taxes or parking levies imposed on the Premises in the future by any governmental agency; a management fee (including administration fees) charged for the management and operation of the Property, in an amount equal to three percent (3%) of the total gross income received by Landlord from the Tenant (including Monthly Base Rent and Additional Rent), and not just Tenant's Pro Rata Share of this fee; water and sewer charges; waste disposal; insurance premiums for insurance coverages maintained by Landlord pursuant to Paragraph 11(b) hereof; all regularly occurring dues and assessments payable pursuant to the Master Declaration; license, permit, and inspection fees; charges for electricity, heating, air conditioning, gas, and any other utilities (including, without limitation, any temporary or permanent utility surcharge or other exaction); security; maintenance, repair, and replacement of the roof membrane; painting and repairing, interior and exterior; maintenance and replacement of floor and window coverings; repair, maintenance, and replacement of air-conditioning, heating, mechanical and electrical systems, elevators, plumbing and sewage systems; janitorial service; landscaping, gardening, and tree trimming; glazing; repair, maintenance, cleaning, sweeping, striping, and resurfacing of the parking area; exterior Building lighting and parking lot lighting; supplies, materials, equipment and tools in the maintenance of the Property; costs for accounting services incurred in the calculation of Operating Expenses and Taxes; operational, maintenance and compliance costs with respect to any Green Energy Programs; and the cost of any capital expenditures for any (a) new improvements or changes to the Building, Common Area, and Property which are (i) required by laws, ordinances, or other governmental regulations adopted or effective after the Commencement Date, (ii) for costs to construct or install any amenities for all tenants (including, without limitation, a café) or (iii) for any items or capital expenditures voluntarily made by Landlord which are intended to reduce Operating Expenses (including, without limitation, utility costs) or (iv) for life/safety reasons; and (b) capital repairs and replacements required to maintain the Property in good condition (collectively, the "**Permitted Capital Costs**"), provided, except for capital expenses required because of Tenant's specific use of the Property, if Landlord is required to or voluntarily incurs any capital expenses, Landlord shall amortize such expenses over the useful life of the capital repairs, replacements or improvements as reasonably determined by Landlord (together with interest on the unamortized balance at the rate equal to the effective rate of interest on Landlord's bank line of credit at the time of completion of said repairs, replacements or improvements) as an Operating Expense, except that with respect to item (a)(iii) of the Permitted Capital Costs made to save Operating Expenses such amortization shall not be at a rate greater than the actual savings in Operating Expenses. Operating Expenses shall also include any other expense or charge, whether or not described herein but which is not specifically excluded by other provisions of this Lease, which would be considered an expense of managing, operating, maintaining, and repairing the Property and/or Common Areas available to Tenant on Other Landlord Property. Notwithstanding anything to the contrary, any earthquake insurance deductible in excess of One Hundred Thousand Dollars ($100,000) shall be amortized over the remainder of the Term.

(c) Real property taxes and assessments upon the Property, during each lease year or partial lease year during the term of this Lease are referred to herein as "**Taxes**."

As used herein, Taxes shall mean:

(1) all real estate taxes, assessments, charges and any other taxes which are levied or assessed against the Property including the Land, the Building, and all improvements located thereon, including any increase in Taxes resulting from a reassessment following any transfer of ownership of the Property or any interest therein or following any improvements to the Property and including all actual costs incurred by Landlord to contest the appraised value of the Property for ad valorem tax purposes; and

(2) all other taxes which may be levied in lieu of real estate taxes, assessments, and other fees, charges, and levies, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature by any authority having the direct or indirect power to tax, including without limitation any governmental authority or any improvement or other district or division thereof, for public improvements, services, or benefits which are assessed, levied, confirmed, imposed, or become a lien (1) upon the Property, and/or any legal or equitable interest of Landlord in any part thereof; or (2) upon this transaction or any document to which Tenant is a party creating or transferring any interest in the Property; (3) taxes on gross receipts such as the franchise tax (aka "margin tax") codified in Texas Property Code Chapter 171 and any successor statute, or any other taxes on rent or other income derived from the Property; and (4) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any tax previously included within the definition of Taxes or any tax the nature of which was previously included in the definition Taxes.

Not included within the definition of Taxes are any net income, profits, transfer, estate, gift, rental income, inheritance taxes imposed by any governmental authority, or any taxes paid by Tenant under Paragraph 10 below. Taxes also shall not include penalties or interest charges assessed on delinquent Taxes as a result of Landlord's failure to pay Taxes when due.

With respect to any assessments which may be levied against or upon the Property, which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, only the amount of such annual installment (with appropriate proration of any partial year) and statutory interest shall be included within the computation of the annual Taxes levied against the Property.

(d) The following costs ("**Costs**") shall be excluded from the definition of Operating Expenses:

(1) Costs for which Landlord receives reimbursement from others, including reimbursement from insurance;

(2) Interest, charges and fees incurred on debt or payments on any deed of trust or ground lease on the Property;

(3) Costs incurred in repairing, maintaining or replacing any structural elements of the Building for which Landlord is responsible pursuant to Paragraph 14(a) hereof and for any other buildings in the Property;

(4) Any wages, bonuses or other compensation of employees above the grade of building manager and any executive salary of any officer or employee of Landlord and any employees performing services not in connection with the management, operation, repair or maintenance of the Property, or any fee, profit or compensation retained by Landlord or its affiliates for management and administration of the Property in excess of the management fee referred to in Paragraph 5(b) of this Lease;

(5) General office overhead and general and administrative expenses of Landlord except as specifically provided herein;

(6) Leasing expenses, legal fees, advertising costs, tenant improvement costs and broker commissions payable by Landlord in connection with the leasing of space to tenants of the Property;

(7) Costs and expenses which would be capitalized under generally accepted accounting principles, except for Permitted Capital Costs;

(8) The cost of special services, goods, or material provided to any other tenant of the Property and not provided to Tenant;

(9) Repairs for which Landlord is reimbursed by proceeds of insurance or from funds provided by Tenant or any other tenant of the Property (or where any other tenant of the Property is obligated to make such repairs or pay the cost of same);

(10) Repairs, alterations, additions, improvements, or replacements needed to rectify or correct any defects in the Building or Property or common areas existing on the Commencement Date;

(11) Damage or repairs necessitated by the negligence or willful misconduct of Landlord, Landlord's employees, contractors, or agents;

(12) Legal fees, accountants' fees, and other expenses incurred in connection with disputes of tenants or other occupants of the Property or associated with the enforcement of the terms of any leases with tenants or the defense of Landlord's title to or interest in the Property or any part thereof;

(13) Cost incurred due to a violation by Landlord or any other tenant of the Property of the terms and conditions of a lease;

(14) Costs of any renovation, improvement, painting or redecorating of any portion of the Property not part of the Common Area or made available for Tenant's use and/or benefit;

(15) Costs incurred in connection with the presence of any Hazardous Materials on the Property that do not arise from or are not related to the intentional or negligent act or omission of Tenant or Tenant's representatives;

(16) Expense reserves;

(17) Costs and expenses relating solely to another building or to the interior portions of any other building or other structures except the Building (excluding, however, such costs and expenses relating to interior portions of such other building or structures that are used as Common Areas); and

(18) Repairs or maintenance of areas of the Property leasable exclusively to other tenants; and

(19) Capital expenditures required for any Green Energy Program, except to the extent considered a Permitted Capital Cost pursuant to Paragraph 5(b) above.

(20) Landlord shall at all times use its best efforts to operate the Property in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable premises in the market area in which the Property is located.

Throughout the term of this Lease, as close as reasonably possible after the end of each calendar year thereafter but no later than April 1 of the following year, Landlord shall notify Tenant of the Operating Expenses and Taxes estimated by Landlord for each following calendar year. Concurrently with such notice, Landlord shall provide a description of such Operating Expenses and Taxes. Commencing on the Commencement Date, and on the first (1st) day of each calendar month thereafter, Tenant shall pay to Landlord, as Additional Rent, one-twelfth (1/12th) of the estimated Operating Expenses and Taxes; provided, that the pre-paid Additional Rent (see Paragraph 4) shall be credited toward the payment due on the Commencement Date, and if the Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid Additional Rent shall be credited to the partial first calendar month of the term and partially to the following month's Additional Rent payment. If at any time during any such calendar year, it appears to Landlord that the Operating Expenses and Taxes for such year will vary from Landlord's estimate, Landlord may, by written notice to Tenant, revise Landlord's estimate for such year and the Additional Rent payments by Tenant for such year shall thereafter be based upon such revised estimate. Landlord shall furnish to Tenant with such revised estimate written verification showing that the actual Operating Expenses and Taxes are greater than or equal to Landlord's estimate. The increase in the monthly installments of Additional Rent resulting from Landlord's revised estimate shall not be retroactive, but the Additional Rent for each calendar year shall be subject to adjustment between Landlord and Tenant after the close of the calendar year, as provided below.

Within approximately one hundred twenty (120) days after the expiration of each calendar year of the term, Landlord shall furnish Tenant a statement certified by a responsible employee or agent of Landlord (the "**Operating Statement**") with respect to such year, prepared by an employee or agent of Landlord, showing the actual Operating Expenses and Taxes for such year broken down by component expenses, and the total payments made by Tenant for such year on the basis of any previous estimate of such Operating Expenses and Taxes, all in sufficient detail for verification by Tenant. Unless Tenant raises any objections to the Operating Statement within ninety (90) days after receipt of the same, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Operating Expenses and/or Taxes. Upon giving Landlord five (5) days advance written notice, Tenant's certified public accountant shall have the right to inspect and audit Landlord's books and records with respect to the Operating Statement in an office of Landlord, or Landlord's agent, during normal business hours, once each calendar year to verify actual Operating Expenses and Taxes. Tenant's accountant or accounting firm shall be one of national standing and retained on an hourly rate basis or based upon a fixed fee and shall not be paid on a contingency basis. Landlord's books and records shall be kept in accord with generally accepted accounting principles. If Tenant's audit of the Operating Expenses and Taxes for any year reveals a net overcharge of more than five percent (5%), Landlord shall promptly reimburse Tenant for the cost of the audit; otherwise, Tenant shall bear the cost of Tenant's audit. If Tenant reasonably objects to Landlord's Operating Statement, Tenant shall nonetheless continue to pay on a monthly basis the Operating Expenses and Taxes based upon the Landlord’s most current estimate until such dispute is resolved.

If Tenant’s Pro Rata Share of the Operating Expenses and Taxes for any year as finally determined exceed the total payments made by Tenant for such year based on Landlord’s estimates, Tenant shall pay to Landlord the deficiency, within thirty (30) days after the receipt of Landlord’s Operating Statement. If the total payments made by Tenant based on Landlord’s estimate of the Operating Expenses and/or Taxes exceed the Tenant’s Pro Rata Share of Operating Expenses and/or Taxes, Tenant’s extra payment, plus the cost of an audit which is the responsibility of Landlord as set forth herein, if any, shall be credited against payments of Monthly Base Rent and Additional Rent next due hereunder or returned within thirty (30) days if the term has expired or this Lease has been terminated.

Notwithstanding the expiration or termination of this Lease, within thirty (30) days after Tenant’s receipt of Landlord’s Operating Statement or the completion of Tenant’s audit regarding the Operating Expenses and/or Taxes for the calendar year in which this Lease terminates, Tenant shall pay to Landlord or shall receive from Landlord, as the case may be, an amount equal to the difference between the Operating Expenses and/or Taxes, as finally determined, and the amount previously paid by Tenant on account thereof (prorated to the expiration date or the termination date of this Lease).

(e) Notwithstanding the provisions above regarding calculation of Operating Expenses, for purposes of computing Tenant's Pro Rata Share of Operating Expenses, commencing with the first full calendar year (i.e., January – December) following the Commencement Date (such full calendar year being the “**Stabilization Base Year**”), then beginning thereafter the Controllable Expenses (hereinafter defined) shall not increase by more than 4% per calendar year on a compounding and cumulative basis over the course of the initial Term of this Lease. In other words, Controllable Expenses for the first full calendar year after the Stabilization Base Year shall not exceed 104% of the Controllable Expenses for the Stabilization Base Year. Controllable Expenses for the second full calendar year after the Stabilization Base Year shall not exceed 104% of the limit on Controllable Expenses for the first full calendar year after the Stabilization Base Year, etc. By way of illustration, if Controllable Expenses were $1.00 per RSF for the Stabilization Base Year, then Controllable Expenses for the first full calendar year after the Stabilization Base Year shall not exceed $1.04 per RSF, and Controllable Expenses for the second full calendar year after the Stabilization Base Year shall not exceed $1.0816 per RSF. Solely for purposes of calculating the 4% annual cap on Controllable Expenses for any year, Controllable Expenses that vary with occupancy shall be grossed-up for each year as if Tenant occupies 100% of the Premises. Accordingly, if certain Controllable Expenses vary depending on Tenant's occupancy level and Tenant only occupies 50% of the Premises in the first year and 100% of the Premises in the second year, then, solely in order to calculate the 4% cap on Controllable Expenses, the costs that vary depending on Tenant's occupancy level shall be grossed up for the first year as if the Premises were 100% occupied before calculating whether the total costs for the second year exceed the total costs for the first year by more than 4%. “**Controllable Expenses**” shall mean all Operating Expenses except (i) wages and salaries included in Operating Expenses to the extent of increases in minimum wage required by federal or state law or to the extent of increases required by a collective bargaining agreement, (ii) the cost of utilities, (iii) costs due changes in law enacted or first taking effect after the date of this Lease, (iv) the cost of insurance, (v) taxes and assessments and governmental charges, (vi) costs for services where there is only one provider, (vii) to the extent properly included in Operating Expenses, the costs of capital improvements, and (viii) costs for trash and/snow removal and other costs due to abnormal weather.

6. Payment of Rent.

(a) All rent shall be due and payable in lawful money of the United States of America at the address of Landlord set forth below Landlord's signature without deduction or offset and without prior demand or notice, unless otherwise specified herein. Monthly Base Rent and Additional Rent shall be payable monthly, in advance, on the first day of each month. Additional Rent shall be payable monthly, in advance, on the first day of each month for the entire Premises for the entire term of his Lease. Tenant's obligation to pay rent for any partial month at the commencement of the term, for any partial month immediately prior to a rental adjustment date (if the rental adjustment date is other than the first day of the calendar month), and for any partial month at the expiration or termination of the term shall be based upon the number of days in such month.

(b) If any installment of Monthly Base Rent, Additional Rent or any other sum due from Tenant is not received by Landlord within five (5) days after the same is due, Tenant shall pay to Landlord an additional sum equal to five percent (5%) of the amount overdue as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount. Any amount not paid within ten (10) days after Tenant's receipt of written notice that such amount is due shall bear interest from the date due until paid at the lesser rate of (1) the prime rate of interest as published in the "Wall Street Journal," plus two percent (2%) or (2) the maximum rate allowed by law (the "**Interest Rate**"), in addition to the late payment charge.

7. Security Deposit.

(a) Tenant shall deposit with Landlord upon execution hereof the sum of $2,042,977.50 (the "**Security Deposit**"), as security for Tenant's faithful performance of Tenant's obligations under this Lease. If Tenant fails to pay Monthly Base Rent or Additional Rent or charges due hereunder within applicable notice and cure periods, or otherwise defaults under this Lease (as defined in Paragraph 22), Landlord may use, apply or retain all or any portion of said Security Deposit to the extent reasonably necessary to cure the default, for the payment of any amount due Landlord, and to reimburse or compensate Landlord for any liability, cost, expense, loss or damage (including reasonable attorneys' fees) which Landlord may suffer or incur by reason thereof. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written request therefor deposit with Landlord the amount sufficient to restore the Security Deposit to the original amount required by this Lease. Landlord shall not be required to keep all or any part of the Security Deposit separate from its general accounts. In no event or circumstance shall Tenant have the right to any use of the Security Deposit and, specifically, Tenant may not use the Security Deposit as a credit or to otherwise offset any payments required hereunder, including, but not limited to, rent or any portion thereof. Tenant waives (i) all laws, rules and regulations applicable to security deposits in the commercial context ("**Security Deposit Laws**"), and (ii) any and all rights, duties and obligations either party may now has, or in the future will have, relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may be retained and applied by Landlord (a) to offset rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Landlord before or after termination of this Lease. No part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any moneys to be paid by Tenant under this Lease.

(b) Unless Tenant has satisfied the Financial Condition (defined below), the amount of the Security Deposit shall be increased as follows:

(i) The amount of the Security Deposit shall be increased to $4,085,955.00 upon the later of May 1, 2025 or Landlord's commencement of the construction of the Tenant Improvements, and Tenant shall deposit the amount necessary to bring the Security Deposit held by Landlord up to such amount within five (5) days after the later of May 1, 2025 or Landlord's notice to Tenant that construction has commenced, as applicable; and

(ii) The amount of the Security Deposit shall be increased to $6,128,932.50 on the Commencement Date, and Tenant shall deposit the amount necessary to bring the Security Deposit held by Landlord up to such amount on or before the Commencement Date.

(c) So long as (i) Tenant has not been in default of this Lease beyond any applicable notice and cure period and (ii) no amount of Security Deposit has previously been applied to cure any default of Tenant under this Lease (the conditions set forth in (i) and (ii) being referred to as the "**Conditions**"), Tenant shall be entitled to a reduction of the Security Deposit as set forth below. If Tenant is entitled to a reduction in the Security Deposit, Tenant shall provide Landlord with written notice requesting that the Security Deposit be reduced as provided below (the "**Security Reduction Notice**"). If Tenant provides Landlord with a Security Reduction Notice, and Tenant is entitled to reduce the Security Deposit as provided herein, Landlord shall refund the applicable portion of the Security Deposit to Tenant within thirty (30) days after the later to occur of the date upon which Tenant is entitled to a reduction in the Security Deposit as provided above or Landlord's receipt of the Security Reduction Notice.

(i) <u>If the Financial Condition is satisfied:</u>

(1) If the Financial Condition is satisfied after any increase of the Security Deposit pursuant to Paragraph 7(b) above and on or before the last day of the sixtieth (60^{th}) month of the Term, then upon Tenant's delivery of a Security Reduction Notice during such period, the then-current Security Deposit shall be reduced such that the new Security Deposit amount will be equal to $2,042,977.50. The "**Financial Condition**" shall mean that Tenant is traded on a public exchange and has maintained an average market capitalization in excess of One Billion Dollars for a period of ninety (90) days prior to the date Tenant requests a reduction in the Security Deposit and as of the effective date of any such reduction.

(2) If the Financial Condition is satisfied after the last day of the sixtieth (60^{th}) month of the Term and prior to the expiration of the Term, then upon Tenant's delivery of a Security Reduction Notice during such period, the then-current Security Deposit shall be reduced such that the new Security Deposit amount will be equal to the sum of (a) Base Rent due for the final month of the Term, plus (b) one month of Additional Rent at the rate in effect on the date of the Security Reduction Notice.

(ii) <u>If the Financial Condition is not satisfied</u>:

(1) After the last day of the thirty sixth (36^{th}) month of the Term and continuing through the last day of the sixtieth (60^{th}) month of the Term, Tenant may obtain a reduction of the Security Deposit during such period by providing to Landlord a Security Reduction Notice accompanied by Certified Financial Statements (defined in Paragraph 34 below) demonstrating that Tenant's current Cash Balance (defined below) is equal to or greater than thirty six (36) months of Cash Runway (defined below) (the "**Cash Flow Condition**"), then the then-current Security Deposit shall be reduced such that the new Security Deposit amount will be equal to $3,064,466.25. Tenant's "**Cash Runway**" means Tenant's current Cash Balance divided by the average monthly Burn Rate (defined below) over the preceding twelve (12) month

period. The "**Burn Rate**" means Tenant's Cash Balance at the beginning of the preceding twelve (12) month period minus Tenant's current Cash Balance, with such resulting difference divided by twelve (12) months. For purposes of example and not limitation, if Tenant's Cash Balance at the beginning of the twelve (12) month period was ten million dollars ($10,000,000) and Tenant's current Cash Balance at the end of the twelve (12) month period is seven million five hundred thousand dollars ($7,500,000), then the Burn Rate would be calculated as follows: ($10,000,000 - $7,500,000) / 12 = $208,333.33. In such case, the Cash Runway would then be calculated as follows: $7,500,000 / $208,333.33 = 36 months. When calculating the Burn Rate, non-ordinary cash expenditures by Tenant during the twelve (12) month analysis period for arms-length transactions, such as an acquisition of another company, shall not be deducted from the calculation of Tenant's Cash Balance. The "**Cash Balance**" means, as of the date of determination, actual available cash in Tenant's operating accounts as set forth in Certified Financial Statements; provided, however, for purposes of calculating the Burn Rate, the Cash Balance shall exclude any cash or cash equivalent received from loan proceeds or equity contributions or investments during the twelve (12) month analysis period. For example, if Tenant received five million dollars ($5,000,000) of equity or loan proceeds during the twelve (12) month analysis period, the $5,000,000 cash inflow shall be netted out of the calculation of Cash Balance by subtracting $5,000,000 from Tenant's current Cash Balance at the end of the twelve (12) month analysis period.

(2) After the last day of the sixtieth (60th) month of the Term and continuing through the last day of the eighty fourth (84th) month of the Term, Tenant may obtain a reduction of the Security Deposit during such period by providing to Landlord a Security Reduction Notice accompanied by Certified Financial Statements and if such Certified Financial Statements demonstrate that Tenant has satisfied the Cash Flow Condition, then the then-current Security Deposit shall be reduced such that the new Security Deposit amount will be equal to $2,042,977.50.

(3) After the last day of the eighty fourth (84th) month of the Term and prior to the expiration of the Term, Tenant may obtain a reduction of the Security Deposit during such period by providing to Landlord a Security Reduction Notice accompanied by Certified Financial Statements if such Certified Financial Statements demonstrate that Tenant has satisfied the Cash Flow Condition, then the then-current Security Deposit shall be reduced such that the new Security Deposit amount will be equal to $1,591,446.19.

8. Use. Tenant may only use and occupy the Premises for office, laboratory (including but not limited to clinical laboratories), research and development, manufacture and development of pharmaceutical and biotechnology products and ancillary administrative uses directly related thereto to the extent permitted by applicable zoning ordinances, the Master Covenant and any other covenants, conditions, and restrictions for the Property and which are approved by Landlord in writing, and for no other use or purpose without Landlord's prior written consent (collectively, the "**Permitted Use**"); provided, that the use of the Premises for the manufacture of integrated circuits is expressly prohibited. Any use of the Premises by Tenant or by any sublessee or assignee approved by Landlord pursuant to Paragraph 17 shall comply with the provisions of this Paragraph 8.

9. Hazardous Materials.

(a) The term "**Hazardous Materials**" as used in this Lease shall include any substance defined or regulated as radioactive, flammable, toxic, a biohazard, medical waste, "hazardous material", "extremely hazardous material", "hazardous waste", "hazardous substance," "toxic substance," "industrial process waste," or "special waste" in any Environmental Laws as hereafter defined. Hazardous Materials shall include, but not be limited to, petroleum, gasoline, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, and/or crude oil or any products, by-products or fractions thereof.

(b) Tenant shall not engage in any activity involving Hazardous Materials in or on the Premises or the Property without the express prior written consent of Landlord, as provided below, and timely compliance (at Tenant's expense) with all Environmental Laws. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of Hazardous Materials that require a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises or the Property of Hazardous Materials with respect to which any Environmental Law requires that a notice be given to persons entering or occupying the Premises, or the Property, or neighboring properties. Notwithstanding the foregoing, Tenant may use the Hazardous Materials on the Premises that are listed on Exhibit "E" attached hereto and incorporated by reference herein, and any ordinary and customary office supplies and cleaning materials so long as such use is in compliance with all Environmental Laws, and does not expose the Premises, or the Property, or neighboring property to any unusual or atypical risk of contamination or damage or expose Landlord to any liability therefor. If Tenant's use of Hazardous Materials changes during the Term of this Lease, Tenant shall complete, execute, and deliver to Landlord, a Hazardous Materials Disclosure Certificate ("**HazMat Certificate**"), a copy of which is attached as Exhibit "G", attached hereto and incorporated by reference herein, describing Tenant's present use of the Hazardous Materials on the Premises, and any other reasonably necessary documents as requested by Landlord. The HazMat Certificate required hereunder shall be in substantially the form as that which is attached hereto as Exhibit "G". Landlord's consent may be withheld in Landlord's sole and absolute discretion with respect to any changes to the types and/or quantities of Hazardous Materials specified in the most recent HazMat Certificate. In addition, Landlord may condition its consent to any Reportable Use upon receiving such additional assurances as Landlord reasonably deems necessary to protect itself, the public, the Premises and the Property, and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of any protective modifications installed by Tenant (such as concrete encasements).

(c) "**Environmental Laws**" shall mean and include any Federal, State, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, element, compound, mixture or material, as now or at any time hereafter in effect including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§9601 et seq. ("**CERCLA**"), the Superfund Amendments and Reauthorization Act, 42 U.S.C. §§9601 et seq., the Federal Toxic Substances Control Act, 15 U.S.C. §§2601 et seq., the Federal Resource Conservation and Recovery Act as amended, 42 U.S.C. §§6901 et seq., the Federal Hazardous Material Transportation Act, 49 U.S.C. §§1801 et seq., the Federal Clean Air Act, 42 U.S.C. §7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the River and Harbors Act of 1899, 33 U.S.C. §§401 et seq., any corresponding state laws or ordinances (including, but not limited to, the Texas Water Code ("TWC") §26.001 et seq., the Texas Health & Safety Code ("THSC") §361.001 et seq. and the Texas Solid Waste Disposal Act, Tex. Rev. Civ. Stat. Ann. art. 4477-7 and all rules and regulations of the EPA, the Texas Commission on Environmental Quality, or any other state or federal department, board or any other agency or governmental board or entity having jurisdiction over the environment, as any of the foregoing have been, or are hereafter amended.

(d) If Tenant knows, or has reasonable cause to believe, that Hazardous Materials have come to be located in, on, under or about the Premises or the Property that constitutes a Reportable Use, other than as previously consented to by Landlord, Tenant shall immediately give written notice of such fact to Landlord and provide Landlord with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Materials.

(e) Tenant and Tenant's agents, employees, and contractors shall not cause any Hazardous Materials to be discharged or released into the Building or into the plumbing or sewage system of the Building or into or onto the Land underlying or adjacent to the Building in violation of any Environmental Laws. Tenant shall promptly, at Tenant's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination in violation of Environmental Laws or the terms of this Lease caused by Tenant or caused by any of Tenant's employees, agents, or contractors, and for the maintenance, security and/or monitoring of the Premises, the Property, or neighboring properties if such contamination is caused by a release or emission of any Hazardous Materials by Tenant or by any of Tenant's employees, agents, or contractors.

(f) Tenant shall indemnify, defend and hold Landlord and its agents, employees, and lenders and the Premises and the Property harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the term of this Lease out of or involving any Hazardous Materials brought on to the Premises or the Property by or for Tenant or by anyone under Tenant's control in violation of Environmental Laws or the terms of this Lease. Tenant's obligations under this Paragraph 9(f) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, as required by Environmental Laws, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Materials, unless specifically so agreed by Landlord in writing at the time of such agreement.

(g) Notwithstanding anything to the contrary, Tenant shall have no obligation, responsibility or liability with respect to Hazardous Materials on, within, about or under the Premises prior to the earlier of the Commencement Date and any Early Entry, except to the extent disturbed or exacerbated by Tenant.

10. Taxes on Tenant's Property. Tenant shall pay before delinquency any and all taxes, assessments, license fees, and public charges levied, assessed, or imposed and which become payable during the Term and any extension thereof upon Tenant's equipment, fixtures, furniture, and personal property installed or located on the Premises.

11. Insurance.

(a) Types of Insurance: Tenant shall maintain in full force and effect at all times during the Term of this Lease, at Tenant's sole cost and expense, for the protection of Tenant and Landlord, as their interests may appear, policies of insurance issued by a carrier or carriers reasonably acceptable to Landlord and its lender(s) which afford the following coverages:

(i) Commercial general liability insurance naming the Landlord as an additional insured against any and all claims for bodily injury and property damage occurring in, or about the Premises arising out of Tenant's use and occupancy of the Premises. Such insurance shall have a combined single limit of not less than Two Million Dollars ($2,000,000) per occurrence with a Four Million Dollar ($4,000,000) aggregate limit and excess umbrella liability insurance in the amount of Five Million Dollars ($5,000,000). Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease.

(ii) Property insurance insuring Tenant’s interest in the improvements and betterments comprising the Tenant Improvements and insuring all of Tenant’s equipment, trade fixtures, inventory, fixtures, and personal property located on or in the Premises for perils covered by the causes of loss - special form (all risk), including wind coverage and equipment breakdown coverage. Such insurance shall be written on a replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement value of the aggregate of the foregoing. Any coverage not purchased by Tenant to protect its property is done at Tenant’s sole risk and Landlord shall not procure any insurance or be responsible for damages to Tenant’s property if Tenant decides to not purchase certain levels and types of coverage.

(iii) Business interruption and extra expense insurance in such amounts to reimburse Tenant for direct or indirect loss attributable to all perils commonly insured against by prudent Tenants or attributable to prevention of access to the Premises or the Building as result of such perils.

(iv) Workers’ compensation insurance in accordance with statutory law and employers’ liability insurance with a limit of not less than $1,000,000 per accident, $1,000,000 disease, policy limit and $1,000,000 disease limit each employee.

(v) Site liability pollution policy insuring the Premises, with a minimum amount limit of $1,000,000 per occurrence under an annual or multi-year policy.

(vi) Comprehensive automobile liability insurance: a combined single limit of not less than $2,000,000 per occurrence and insuring Tenant against liability for claims arising out of the ownership, maintenance, or use of any owned, hired or non-owned automobiles;

(vii) Such other insurance as required by Landlord which is consistent with the types of insurance required to be maintained by similar situated tenants, with similar use in the Austin, Texas area or required by Landlord's beneficiaries or mortgagees of any deed of trust or mortgage encumbering the Premises.

(b) Insurance Policies: The policies required to be maintained by Tenant shall be with companies rated A-VIII or better by A.M. Best. Insurers shall be licensed to do business in the state in which the Premises are located and domiciled in the USA. Any deductible amounts under any insurance policies required hereunder shall not exceed $25,000. Certificates of insurance including any and all endorsements required herein for all insurance maintained by Tenant shall be delivered to Landlord prior to the commencement date or prior to any early access to the Premises in accordance with Paragraph 3 above and at least ten (10) days prior to the policy expiration date. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and to Landlord as required by this Lease. Each policy of insurance shall provide notification to Landlord at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage and at least ten (10) days for non-payment of premium.

(c) Additional Insureds and Coverage: Landlord, any property management company and/or agent of Landlord for the Premises, the Building, the Land or the Property, and any lender(s) of Landlord having a lien against the Premises, the Building, the Land or the Property shall be named as additional insureds under all of the liability policies required in Paragraph 11 above. Additionally, such policies shall provide for severability of interest. All insurance to be maintained by Tenant shall, except for workers' compensation and employer's liability insurance, be primary, without right of contribution from insurance maintained by Landlord. Any umbrella/excess liability policy (which shall be in "**following form**") shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Tenant shall not limit Tenant's liability under this Lease. It is the parties' intention that the insurance to be procured and maintained by Tenant as required herein shall provide coverage for any and all damage or injury arising from or related to Tenant's operations of its business and/or Tenant's or Tenant's Representatives' use of the Premises and/or any of the areas within the Property, whether such events occur within the Premises or in any other areas of the Property. It is not contemplated or anticipated by the parties that the aforementioned risks of loss be borne by Landlord's insurance carriers, rather it is contemplated and anticipated by Landlord and Tenant that such risks of loss be borne by Tenant's insurance carriers pursuant to the insurance policies procured and maintained by Tenant as required herein.

(d) Failure of Tenant to Purchase and Maintain Insurance: In the event Tenant does not purchase the insurance required in this Lease or keep the same in full force and effect throughout the Term of this Lease (including any renewals or extensions), Landlord may, but without obligation to do so, purchase the necessary insurance and pay the premiums therefor. If Landlord so elects to purchase such insurance, Tenant shall promptly pay to Landlord as Additional Rent, the amount so paid by Landlord, upon Landlord's demand therefor. In addition, Landlord may recover from Tenant and Tenant agrees to pay, as Additional Rent, any and all reasonable expenses and damages which Landlord may sustain by reason of Tenant's failure to obtain and maintain such insurance.

(e) Landlord's Insurance: Landlord shall obtain and carry in Landlord's name, as insured, as an Operating Expense of the Property to the extent provided in Paragraph 6, during the Term, "**all risk**" property insurance coverage (with rental loss insurance coverage for a period of one (1) year), flood insurance, public liability and property damage insurance, and insurance against such other risks or casualties as Landlord shall reasonably determine, including, but not limited to, insurance coverages required of Landlord by the beneficiary of any deed of trust which encumbers the Premises, in an amount not less than the full replacement cost of the Building. The proceeds of any such insurance shall be payable solely to Landlord and Tenant shall have no right or interest therein. Landlord shall have no obligation to insure against loss by Tenant to Tenant's equipment, fixtures, furniture, inventory, or other personal property of Tenant in or about the Premises occurring from any cause whatsoever.

(f) Waiver of Subrogation: Notwithstanding anything to the contrary contained in this Lease, the parties release each other, and their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers, from any claims for damage to any person or to the Premises or the Property and to the fixtures, personal property, leasehold improvements and alterations of either Landlord or Tenant in or on the Premises or the Property, to the extent that are caused by or result from risks required by this Lease to be insured against (or actually insured against) under any property insurance policies carried by the parties and such policy is in force at the time of any such damage, whichever is greater. THIS WAIVER APPLIES WHETHER OR NOT THE LOSS IS DUE TO THE NEGLIGENT ACTS OR OMISSIONS OF LANDLORD OR TENANT OR THEIR RESPECTIVE AUTHORIZED REPRESENTATIVES, EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, MANAGERS, MEMBERS, TRUSTEES, BENEFICIARIES, ASSIGNEES, SUBTENANTS, INVITEES, SUCCESSORS, AGENTS, CONTRACTORS AND PROPERTY MANAGERS. Subject to the foregoing, this release and waiver shall be complete and total even if such loss or damage may have been caused by the negligence of the other party, its managers, members, employees, agents, contractors, property managers or invitees. The parties covenant that the insurance policies required to be maintained by each of them under this Lease will contain waiver of subrogation endorsements.

12. Indemnification.

(a) Tenant shall indemnify, defend, and hold harmless Landlord from claims, suits, actions, or liabilities for personal injury, death or for loss or damage to property ("**Claim**") that arise from (1) any activity, work, or thing done or permitted by Tenant in or about the Premises or the Property, (2) bodily injury or damage to property which arises in or about the Property to the extent the injury or damage to property results from the negligent acts or omissions of Tenant, its employees, agents or contractors, and (3) based on any event of default by Tenant in the performance of any obligation on Tenant's part to be performed under this Lease. Tenant also waives all claims against Landlord and its employees, agents and contractors for damages to property, or to goods, wares, and merchandise stored in, upon, or about the Premises or the Property, and for injuries to persons in, upon, or about the Premises or the Property from any cause arising at any time, except to the extent covered by an express indemnity provision of this Lease or caused by the gross negligence or willful misconduct of Landlord or its employees, agents or contractors.

(b) In the absence of comparative or concurrent negligence on the part of Landlord, their respective agents, affiliates, and subsidiaries, or their respective officers, directors, members, employees or contractors, the foregoing indemnity by Tenant shall also include reasonable costs, expenses and attorneys' fees incurred in connection with any indemnified claim or incurred by the Landlord in successfully establishing the right to indemnity. The Tenant shall have the right to assume the defense of any claim subject to the foregoing indemnities with counsel reasonably satisfactory to the indemnitee.

(c) The foregoing indemnity shall survive the expiration or earlier termination of this Lease. WHEN THE CLAIM IS CAUSED BY THE JOINT NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT AND LANDLORD OR BY THE TENANT AND A THIRD PARTY (EXCEPT TENANT'S AGENTS, OFFICERS, EMPLOYEES OR INVITEES), THE TENANT'S DUTY TO INDEMNIFY AND DEFEND SHALL BE PROPORTIONATE TO THE IT'S ALLOCABLE SHARE OF JOINT NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) Landlord shall not be liable to Tenant for any damage because of any act or negligence of any other occupant of the Building or any other owner or occupant of adjoining or contiguous property, nor for overflow, breakage, or leakage of water, steam, gas, or electricity from pipes, wires, or otherwise in the Premises or the Building, except to the extent caused by the gross negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors. TENANT ACKNOWLEDGES THE FOREGOING PROVISION WAIVES LANDLORD'S LIABILITY FOR ORDINARY NEGLIGENCE, BUT NOT LANDLORD'S GROSS NEGLIGENCE. Except as otherwise provided herein, Tenant will pay for damage to the Premises or the Property caused by the misuse or neglect of the Premises or the Property by Tenant or its employees, agents, or contractors, including, but not limited to, the breakage of glass in the Building.

13. Landlord Improvements; Tenant Improvements.

(a) Landlord, at its cost, shall cause to be constructed the improvements and modifications described on Exhibit "F-1" attached hereto (the "**Landlord Improvements**"). For purposes of the Landlord Improvements, "Substantially Completed" or "Substantial Completion" shall mean Landlord has completed the Landlord Improvements, and received the final sign-off and any required certificate of occupancy by the applicable authorities to the extent applicable to the Landlord Improvements, subject only to items which need correction or completion and are of a nature and degree as to typically appear on a construction project punch list and excluding the Tenant Improvements (defined below).

(b) Landlord shall cause to be constructed the interior tenant improvements and modifications to the Premises described in the Work Letter (the "**Tenant Improvements**") in accordance with the Work Letter attached hereto as Exhibit "F".

14. Maintenance and Repairs; Alterations; Surrender and Restoration.

(a) Landlord shall, at Landlord's sole expense, keep in good order, condition, and repair and replace when necessary, the structural elements of the roof (excluding the roof membrane which Landlord shall maintain, but the cost of which shall be included as an Operating Expense as permitted under Paragraph 5), the structural elements of the foundation and exterior walls (except the interior faces thereof) of the Building, and other structural elements of the Building and the Property as "**structural elements**" are defined in building codes applicable to the Building, excluding any alterations, structural or otherwise, made by Tenant to the Building which are not approved in writing by Landlord prior to the construction or installation thereof by Tenant. Landlord shall perform and construct, and Tenant shall not be responsible for performing or constructing, any repairs, maintenance, or improvements (1) required as a result of any casualty damage, which shall be subject to Paragraph 20 below, or as a result of any taking pursuant to the exercise of the power of eminent domain, or (2) for which Landlord has a right of reimbursement from third parties based on construction or other warranties, contractor guarantees, or insurance claims.

(b) Landlord shall provide or cause to be provided and shall supervise the performance of, as an Operating Expense of the Building or Property, as applicable, to the extent permitted under Paragraph 5 hereof, all services and work relating to the operation, maintenance, repair, and replacement, as needed, of the Building or Property, as applicable, including the HVAC, mechanical, electrical, and plumbing systems in the Building; the interior of the Building; the roof membrane; the outside areas of the Property; landscaping, tree trimming, resurfacing and restriping of the parking lot, repairing and maintaining the walkways; exterior building painting, exterior building lighting, parking lot lighting, and exterior security patrol. In the event Tenant provides Landlord with written notice of the need for any repairs, Landlord shall commence any such repairs promptly following receipt by Landlord of such notice and Landlord shall diligently prosecute such repairs to completion.

(c) Subject to the foregoing and except as provided elsewhere in this Lease, Tenant shall, at Tenant's sole cost and expense, at all times use, occupy and keep the Premises in a manner which keeps the Premises in as good and safe order, condition, and repair as received, reasonable wear and tear excepted. Without limiting the generality of the foregoing, Tenant shall be solely responsible for maintaining, repairing and replacing (a) all electrical wiring and equipment serving the Premises, (b) all interior lighting (including, without limitation, light bulbs and/or ballasts) and exterior lighting serving the Premises or adjacent to the Premises, (c) all glass, windows, window frames, window casements, skylights, interior and exterior doors, door frames and door closers, (d) all roll-up doors, ramps and dock equipment, including without limitation, dock bumpers, dock plates, dock seals, dock levelers and dock lights serving the Premises, (e) all tenant signage, (f) security systems within the Premises, (g) all partitions, fixtures, equipment, interior painting, and interior walls and floors of the Premises and every part thereof (including, without limitation, any demising walls contiguous to any portion of the Premises). Landlord shall execute and maintain in full force and effect throughout the term as an Operating Expense of the Building or Property, as applicable to the extent permitted under Paragraph 5 a service contract with a recognized air conditioning service company. Landlord may, if Landlord determines that it is necessary to do so, obtain on a semi-annual basis an inspection report of the HVAC system from a separate HVAC service firm designated by Landlord for the purpose of monitoring the performance of the HVAC maintenance and repair work performed by the HVAC service firm which performs the regular repair and maintenance. The cost of such inspection report shall be an Operating Expense pursuant to Paragraph 5.

Subject to the release of claims and waiver of subrogation contained in Paragraphs 11(c) and 11(d), if Landlord is required to make any repairs to the Property by reason of Tenant's negligent acts or omissions, Landlord may add the cost of such repairs to the next installment of rent which shall thereafter become due, and Tenant shall promptly pay the same upon receipt of an invoice therefor.

(d) Tenant may, from time to time, at its own cost and expense and without the consent of Landlord make nonstructural alterations to the interior of the Premises which do not affect the mechanical, electrical, plumbing or other utility systems of the Building, the cost of which in any one instance is Fifty Thousand Dollars ($50,000) or less, and the aggregate cost of all such work during the Term of this Lease does not exceed Two Hundred Fifty Thousand Dollars ($250,000), provided Tenant first notifies Landlord in writing of any such nonstructural alterations (collectively, "**Cosmetic Alterations**"). Otherwise, Tenant shall not make any additional alterations, improvements, or additions to the Premises without delivering to Landlord a complete set of plans and specifications for such work, obtaining and delivering copies to Landlord of all permits or other governmental approvals required for such work and obtaining Landlord's prior written consent thereto. All alterations and additions shall be installed by a licensed contractor approved by Landlord, at Tenant's sole expense in compliance with all applicable laws, rules, regulations and ordinances. Tenant shall keep the Premises and the Property on which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant. If any nonstructural alterations to the interior of the Premises exceed Fifty Thousand Dollars ($50,0000) in cost in any one instance, or exceed the aggregate cost of Two Hundred Fifty Thousand Dollars ($250,000) during the Term of this Lease, Tenant shall employ, at Tenant's expense, Tarlton Properties, Inc. as construction manager for such alterations at a fee equal to four percent (4%) of the hard construction costs (i.e., the amounts paid to any general contractor, subcontractors, vendors, and suppliers for labor and materials for the construction of the alterations or improvements). Landlord may condition its consent to, among other things, Tenant agreeing in writing to remove any such alterations prior to the expiration of the Lease term and Tenant agreeing to restore the Premises to its condition prior to such alterations at Tenant's expense. Upon Tenant's written request, Landlord shall advise Tenant in writing at the time consent is granted (or with respect to a Cosmetic Alterations within ten (10) days from notice if requested by Tenant in such notice) whether Landlord requires Tenant to remove any alterations from the Premises prior to the expiration or sooner termination of the Lease. Tenant shall have no obligation to remove the Tenant Improvements completed pursuant to the terms of the Work Letter (including, without limitation, cabling installed as part of the Tenant Improvements) nor the Landlord Improvements.

All alterations, trade fixtures and personal property installed in the Premises solely at Tenant's expense shall during the term of this Lease remain Tenant's property and Tenant shall be entitled to all depreciation, amortization and other tax benefits with respect thereto (excluding the Tenant Improvements).

(e) Tenant shall, at Tenant's sole cost and expense, fully, diligently and in a timely manner, comply with all present and future "**Laws**," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, orders, covenants (including the Master Covenant), permits of all governmental agencies and authorities (including the Required AEGB Rating), easements and restrictions of record, the requirements of any applicable fire insurance underwriter or rating bureau or board of fire underwriters, relating in any manner to the Premises and/or Tenant's use or occupancy of the Premises (including but not limited to matters pertaining to industrial hygiene, environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, subject to the provisions of Paragraph 9 hereof, and the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Materials (which are addressed in Paragraph 9 hereof)), now in effect or which may hereafter come into effect. Additionally, Tenant shall be solely responsible for the payment of all costs, fees and expenses associated with any modifications, improvements or alterations to the Premises, Building, the Common Areas and/or the Property occasioned by the enactment of, or changes to, any Laws arising from Tenant's particular use of the Premises or alterations, improvements or additions made to the Premises by Tenant or at Tenant’s request regardless of when such Laws became effective. Tenant shall, within five (5) days after receipt of Landlord’s written request, provide Landlord with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Tenant’s compliance with any Laws specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Tenant or the Premises to comply with any Laws. Notwithstanding the foregoing, any structural changes or repairs or other changes or repairs to the Property of any nature which would be considered a capital expenditure under generally accepted accounting principles to the Premises shall be made by Landlord at Tenant’s expense if such structural repairs or changes are required by reason of the specific nature of the use of the Premises by Tenant or due to alterations by or on behalf of Tenant. If such changes or repairs are not required by reason of the specific nature of Tenant’s use of the Premises or alterations by or on behalf of Tenant and are capital expenditures, the cost of such changes or repairs shall be treated as an Operating Expense and amortized in accordance with the provisions of Paragraph 5(b). Notwithstanding anything to the contrary, Tenant shall have no liability or obligation to correct a violation of Laws, which exist in the Premises as of the Commencement Date, except to the extent expressly set forth in this Paragraph.

(f) Subject to Paragraph 31, Landlord, Landlord’s agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises (“**Lenders**”) shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after at least one (1) business day prior notice to Tenant, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Laws, and Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant’s activities, including but not limited to Tenant’s installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a violation of Laws or a contamination, caused, directly or indirectly, by Tenant, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Tenant shall upon request reimburse Landlord or Landlord’s Lender, as the case may be, for the costs and expenses of such inspections.

(g) During the term of this Lease, Tenant shall comply, at Tenant’s expense, with all of the covenants, conditions, and restrictions affecting the Premises which are recorded in the Official Public Records of Travis County, Texas, and which are in effect as of the date of this Lease.

(h) Tenant shall surrender the Premises by the last day of the lease Term or any earlier termination date, with all of the improvements to the Premises, parts, and surfaces thereof clean and free of debris and in as good operating order, condition, and state of repair as received, ordinary wear and tear, casualty and condemnation excepted. Tenant’s failure to surrender the Premises in accordance with the terms and conditions of this Lease, including, without limitation, this Paragraph 14(h) shall be deemed to be a material default under the Lease. “**Ordinary wear and tear**” shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Tenant performing all of its obligations under this

Lease. Notwithstanding the foregoing, prior to the last day of the Term (or earlier termination of the Lease), Tenant shall (i) restore all walls in the Premises to the same condition existing immediately following completion of the Tenant Improvements and Landlord Improvements, including patching and sanding all holes to match the original texture of the walls and painting; (ii) replace any broken, chipped, stained or discolored ceiling tiles in the Premises to match the existing tiles; and (iii) vacuum and steam clean all carpets and remove all stains, or, to the extent any stains cannot be removed, then Tenant shall replace the entire carpet with the same color (if applicable) existing as of the Commencement Date. In addition to the foregoing, the obligations of Tenant shall include the repair of any damage occasioned by the installation, maintenance, or removal of Tenant's trade fixtures, furnishings, equipment, and alterations, and the restoration by Tenant of the Premises to its condition upon completion of the Tenant Improvements and Landlord Improvements (Tenant shall not be required to remove any of the Tenant Improvements nor Landlord Improvements) pursuant to Paragraph 14(d) above. Subject to the foregoing, upon the expiration or sooner termination of this Lease all alterations, fixtures and improvements to the Premises, whether made by Landlord or installed by Tenant at Tenant's expense, shall be surrendered by Tenant with the Premises and shall become the property of Landlord; provided, however, that Tenant's furniture and other personal property, not provided by or paid for by Landlord and not permanently affixed to the Premises which can be removed without materially damaging the Premises may be removed by Tenant. Tenant shall repair to Landlord's reasonable satisfaction all damage to the Premises occasioned by removal of Tenant's property. Prior to the expiration of the term of this Lease or any earlier termination date, Tenant shall, at Tenant's expense, provide a written closure to report Landlord certifying that Tenant has complied with any and all applicable municipal, county, state and federal statutes, laws, ordinances and regulations governing and regulating any Hazardous Materials used, stored, or released by Tenant on or about the Premises ("**Hazardous Materials Authorities**"). Such written closure reports shall provide written certification to Landlord that all Hazardous Materials have been removed from the Premises and that no further action is required in connection with the closure of the Premises. Any removal and remediation of Hazardous Materials by Tenant shall be certified in writing as (1) complete and (2) having been properly performed, by the Texas Commission on Environmental Quality and any other applicable Hazardous Materials Authorities and a copy of such written certifications shall be delivered by Tenant to Landlord no later than the last day of the Term of this Lease.

(i) Tenant waives all right to make repairs at the expense of Landlord, or to deduct the costs thereof from the rent.

(j) Compliance with Americans with Disabilities Act: Landlord and Tenant hereby agree and acknowledge that the Premises, the Building and/or the Property may be subject to the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq, including, but not limited to Title III thereof, all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, including all requirements of the Texas Architectural Barriers Act (Texas Government Code, Ch. 469) and the Texas Accessibility Standards promulgated by the Texas Department of Licensing and Regulation, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented (collectively, the "**ADA**"). Landlord shall construct the Landlord Improvements and the Tenant Improvements in compliance with the requirements of the ADA, which obligation shall be fulfilled and evidenced by passing the applicable ADA inspection conducted by a Registered Accessibility Specialist licensed by the Texas Department of Licensing and Regulation in connection with the completion of construction ("**ADA/TAS Inspection**"). Thereafter, subject to reimbursement pursuant to Paragraph 5 of the Lease, if any barrier removal work or other work is required to the Building, the Common Areas or the Property under the ADA, then such work shall be the responsibility of Landlord. With respect to the Premises, after the Tenant Improvements have passed the applicable ADA/TAS Inspection, if any modifications or alterations to the Premises are required under subsequent modifications to the ADA or as a result of Tenant's specific use of the Premises or any work or alteration made to the Premises by or on behalf of Tenant, then such work shall be performed by Landlord at the sole cost and expense of Tenant. Except as otherwise expressly provided in this Lease, Tenant shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA, including without limitation, not discriminating against any disabled persons in the operation of Tenant's business in or about the Premises, and offering or otherwise providing auxiliary aids and services as, and when, required by the ADA. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Building. Tenant shall and hereby agrees to protect, defend (with counsel acceptable to Landlord) and hold Landlord and the other Indemnitees harmless and indemnify the Indemnitees from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's or Tenant's Representatives' violation or alleged violation of the ADA. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease.

(k) Intentionally Deleted.

(l) Landlord’s Failure to Perform Repair and Maintenance Obligations: Tenant has advised Landlord that Tenant must maintain certain CLIA certifications relating to the Permitted Use of the Premises and that if Landlord fails to complete necessary repairs and/or maintenance to the Building that Landlord is obligated to perform under the terms and conditions of this Lease, such failure may invalidate Tenant’s certification (the “**Certification**”). Landlord shall have no liability to Tenant arising out of or in connection with Tenant’s inability to obtain or maintain such Certification. Notwithstanding any provision set forth in this Lease to the contrary, if Tenant provides written notice to Landlord (the “**First Notice**”) of necessary repair and/or maintenance to the Premises that Landlord is obligated to perform under Paragraph 14 of this Lease which are critical to Tenant’s maintenance of the Certification necessary for the Permitted Use of the Premises, and Landlord thereafter fails to perform such repair or maintenance within three (3) days after Landlord’s receipt of the First Notice from Tenant, then Tenant may, upon an additional three (3) days’ prior written notice to Landlord and opportunity to commence a cure, which notice must state in bold-faced, all capital letters “FAILURE TO COMMENCE A CURE WITHIN 3 DAYS FOLLOWING RECEIPT OF THIS NOTICE WILL RESULT IN THE EXERCISE OF SELF-HELP RIGHTS” (the “**Second Notice**”) perform Landlord’s repair or maintenance obligations the subject of Tenant’s notice. In no event shall Tenant be permitted to complete any maintenance or repair work to the structural portions of the Building or the roof of the Building or complete any replacements of a capital nature. If such action was required under the terms of the Lease to be taken by Landlord and was not taken by Landlord within such three (3) day period following Landlord’s receipt of the Second Notice and Tenant elects to perform Landlord’s repair or maintenance obligations, then Tenant shall (subject to the below terms and conditions) be entitled to prompt reimbursement by Landlord of Tenant’s actual and reasonable costs and expenses in taking such action within thirty (30) days after the date Landlord receives a bill therefor accompanied by invoices or other documentation to substantiate the amount paid by Tenant with a reasonably particularized breakdown of its costs and expenses in connection with taking such action. In the event Tenant takes such action, Tenant shall use only those contractors used by Landlord in the Building. In the event that Tenant exercises it self-help rights under this Paragraph 14(l), Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, losses, costs, expenses, damages, awards and/or proceedings arising as a result of Tenant's performance of its self-help rights (including, without limitation, personal injuries, damage to property and interference with use or occupancy of the Property by tenants or occupants of the Property or their invitees). The obligations set forth in this Paragraph 14(l) shall survive the expiration of the Term of this Lease or the earlier termination thereof.

15. Utilities and Services.

(a) Tenant shall contract for and pay for directly the cost of all water, sewer use, sewer discharge fees and sewer connection fees, gas, heat, electricity, refuse pickup, janitorial service, telephone and other utilities billed or metered separately to the Premises and/or for any such utility fees or use charges that are not billed or metered separately to Tenant, Tenant shall reimburse Landlord therefor pursuant to Paragraph 5 as an Operating Expense. Tenant further agrees to timely and faithfully pay, prior to delinquency, any amount, tax, charge, surcharge, assessment or imposition levied, assessed or imposed upon the Premises, or Tenant's use and occupancy thereof.

(b) Landlord shall not be liable to Tenant for any interruption or failure of any utility services to the Building or the Premises which is not caused by the active negligence, gross negligence or willful acts of Landlord. Tenant shall not be relieved from the performance of any covenant or agreement in this Lease because of any such failure. Landlord shall make all repairs to the Premises required to restore such services to the Premises and the cost thereof shall be payable by Tenant pursuant to Paragraph 5 as a current Operating Expense, or as a capital expense which is amortized over its useful life (together with interest thereon) as an Operating Expense in accordance with terms and conditions set forth in Paragraph 5(b); provided, however, if such failure is caused by the active negligence, gross negligence or willful acts of Landlord, then Landlord shall bear such costs.

(c) In the event that Tenant is permitted and elects to contract directly for the provision of electricity, gas and/or water services to the Premises with the third-party provider thereof (all in Landlord's reasonable discretion), Tenant shall within ten (10) business days following its receipt of written request from Landlord, provide Landlord with a copy of each requested invoice from the applicable utility provider.

16. Liens. Tenant agrees to keep the Premises free from all liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall give Landlord at least ten (10) calendar days prior written notice before commencing any work of improvement on the Premises, the contract price for which exceeds Ten Thousand Dollars ($10,000). Landlord shall have the right to post notices of non-responsibility with respect to any such work. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Property against the same, and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Property. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one- half times the amount of such contested claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Property free from the effect of such lien or claim.

17. Assignment and Subletting.

(a) Except as otherwise provided in this Paragraph 17, Tenant shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of Landlord in each instance pursuant to the terms and conditions set forth below, which consent shall not be unreasonably withheld or delayed, subject to the following provisions; provided, however, Tenant shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, if Tenant shall be in default under this Lease past any applicable cure period.

(b) Prior to any assignment or sublease which Tenant desires to make, other than a Permitted Transfer (as defined in Paragraph 17(c) below), Tenant shall provide to Landlord the name and address of the proposed assignee or sublessee, and true and complete copies of all documents relating to Tenant's prospective agreement to assign or sublease, a copy of a current financial statement for such proposed assignee or sublessee, and any other relevant information requested by Landlord within five (5) days after receipt of notice of the proposed assignment or sublease and Tenant shall specify all consideration to be received by Tenant for such assignment or sublease in the form of lump sum payments, installments of rent, or otherwise. For purposes of this Paragraph 17, the term "**consideration**" shall include all money or other consideration to be received by Tenant for such assignment or sublease. Within ten (10) days after the receipt of such documentation and other information, Landlord (1) shall notify Tenant in writing that Landlord elects to consent to the proposed assignment or sublease subject to the terms and conditions hereinafter set forth; (2) shall notify Tenant in writing that Landlord refuses such consent, specifying reasonable grounds for such refusal; or except with respect to a Permitted Transferee, if at the time Tenant requests that Landlord consent to an assignment or sublease Tenant has vacated the Premises and is not conducting on-going operations in the Building, Landlord may notify Tenant that Landlord elects to terminate this Lease, provided that with respect to a proposed sublease of a portion of the Premises, Landlord's termination right shall apply only to the proposed sublease space, and specifying the effective date of termination which shall be the same as the commencement date of the proposed sublease. If Landlord elects to terminate this Lease pursuant to the foregoing provision, upon the effective date of termination, Landlord and Tenant shall each be released and discharged from any liability or obligation to the other under this Lease accruing thereafter with respect to the Premises or the portion thereof to which the termination applies, except for any obligations then outstanding and except for any obligations which survive the expiration or termination of this Lease by the express terms hereof, and Tenant agrees that Landlord may enter into a direct lease with such proposed assignee or sublessee without any obligation or liability to Tenant.

In deciding whether to consent to any proposed assignment or sublease, Landlord may take into account whether reasonable conditions have been satisfied, including, but not limited to, the following:

(1) In Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in such a business, that the Premises, or the relevant part thereof, will be used in such a manner which complies with Paragraph 8 hereof entitled "Use" and Tenant or the proposed assignee or sublessee submits to Landlord documentary evidence reasonably satisfactory to Landlord that such proposed use constitutes a permitted use of the Premises pursuant to the ordinances and regulations of the City of Austin, Texas;

(2) The proposed assignee or subtenant is a reputable entity or individual with sufficient financial net worth so as to reasonably indicate that it will be able to meet its obligations under this Lease or the sublease in a timely manner;

(3) If at the time of the proposed transfer, Landlord has substantially similar space available for rent at the Property, the proposed assignee or subtenant is not a tenant of the Building or any other building at the Property; and

(4) The proposed assignment or sublease is approved by Landlord's mortgage lender if such lender has the right to approve or disapprove proposed assignments or subleases. Landlord shall use its good faith efforts to obtain such approval from its lender within ten (10) days after receipt by Landlord of Tenant's written request for consent and the documentation and information referred to in the first sentence of the second paragraph of Paragraph 17(a) above.

(5) As a condition to Landlord's granting its consent to any assignment or sublease, except with respect to any Permitted Transferees, (1) Landlord may require that Tenant pay to Landlord, as and when received by Tenant, fifty percent (50%) of the amount of any excess of the consideration to be received by Tenant in connection with said assignment or sublease over and above the Monthly Base Rent and Additional Rent fixed by this Lease and payable by Tenant to Landlord, after deducting only (A) a standard leasing commission payable by Tenant in consummating such assignment or sublease, (B) the cost of reasonable tenant improvements performed specifically for the sublease and required to be made to the Premises to effectuate the sublease, provided that such improvements are performed in compliance with Paragraph 14(d) of this Lease, and (C) reasonable attorneys' fees incurred by Landlord in negotiating and reviewing the assignment or sublease documentation; and (2) Tenant and the proposed assignee or sublessee shall demonstrate to Landlord's reasonable satisfaction that each of the criteria referred to in subparagraph (b) above is satisfied.

Each assignment or sublease agreement to which Landlord has consented shall be an instrument in writing in form reasonably satisfactory to Landlord, and shall be executed by both Tenant and the assignee or sublessee, as the case may be. Each such assignment or sublease agreement shall recite that it is and shall be subject and subordinate to the provisions of this Lease, that the assignee or sublessee accepts such assignment or sublease, that Landlord's consent thereto shall not constitute a consent to any subsequent assignment or subletting by Tenant or the assignee or sublessee, and, except as otherwise set forth in a sublease approved by Landlord, agrees to perform all of the obligations of Tenant hereunder (to the extent such obligations relate to the portion of the Premises assigned or subleased), and that the termination of this Lease shall, at Landlord's sole election, constitute a termination of every such assignment or sublease.

(c) In the event Landlord shall consent to an assignment or sublease, Tenant shall nonetheless remain primarily liable for all obligations and liabilities of the "Tenant" under this Lease, including but not limited to the payment of rent. In the case of a Permitted Transfer, Tenant shall be released from liability under this Lease arising after the Permitted Transfer, except as otherwise set forth in Paragraph 17(c) below.

(d) Notwithstanding the foregoing, Tenant may, without Landlord's prior written consent and without any participation by Landlord in assignment and subletting proceeds, but with prior notice and documentation, as required pursuant to this Paragraph 17(c), provided to Landlord, sublet a portion or the entire Premises or assign this Lease to (i) a subsidiary, affiliate, division or corporation controlled or under common control with Tenant ("**affiliate**"); or (ii) to a successor corporation related to Tenant by merger, consolidation or reorganization, or to a purchaser of substantially all of Tenant's assets (each such transaction referred to herein as a

"**Permitted Transfer**" and each of the foregoing transferees referred to herein as a "**Permitted Transferee**"), provided that any such Permitted Transferee shall have a current verifiable net worth prior to the transfer at least equal to that of Tenant immediately prior to the effective date of the Permitted Transfer, or, if less, financial resources sufficient, in Landlord's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable. Tenant's foregoing rights in this Paragraph 17(c) to assign this Lease or to sublease all or a portion of the entire Premises shall be subject to the following conditions: (1) Tenant shall not be in default hereunder past any applicable cure period; (2) in the case of a merger, consolidation or reorganization described in (ii) above, Tenant shall remain liable to Landlord hereunder if Tenant is a surviving entity; (3) the transferee or successor entity shall expressly assume in writing all of Tenant's obligations hereunder; and (4) Tenant shall provide Landlord with prior notice of such proposed transfer and deliver to Landlord all documents reasonably requested by Landlord relating to such transfer, including but not limited to documentation sufficient to establish such proposed transferee's current verifiable net worth prior to the transfer at least equal to that of Tenant as of the immediately prior to the effective date of the Permitted Transfer, or, if less, financial resources sufficient, in Landlord's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable.

(e) Neither the sale nor transfer of Tenant's capital stock shall be deemed an assignment, subletting, or other transfer of this Lease or the Premises, provided, that in the event of the sale, transfer or issuance of Tenant's securities to an affiliate or in connection with a transaction described in Paragraph 17(c), the conditions set forth in Paragraph 17(c) shall apply.

(f) Subject to the provisions of this Paragraph 17 any assignment or sublease (if such consent is required hereunder) without Landlord's prior written consent shall at Landlord's election be void. The consent by Landlord to any assignment or sublease shall not constitute a waiver of the provisions of this Paragraph 17, including the requirement of Landlord's prior written consent, with respect to any subsequent assignment or sublease. If Tenant shall purport to assign this Lease, or sublease all or any portion of the Premises, or permit any person or persons other than Tenant to occupy the Premises, without Landlord's prior written consent (if such consent is required hereunder), Landlord may collect rent from the person or persons then or thereafter occupying the Premises and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of Landlord's rights and remedies under this Paragraph 17, or the acceptance of any such purported assignee, sublessee, or occupant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained.

(g) Tenant shall not hypothecate or encumber its interest under this Lease or any rights of Tenant hereunder, or enter into any license or concession agreement respecting all or any portion of the Premises, without Landlord's prior written consent which consent Landlord may grant or withhold in Landlord's absolute discretion without any liability to Tenant. Tenant's granting of any such encumbrance, license, or concession agreement shall constitute an assignment for purposes of this Paragraph 17.

(h) In the event of any sale or exchange of the Premises by Landlord and assignment of this Lease by Landlord, Landlord shall, upon providing Tenant with written confirmation that the assignee has assumed all obligations of Landlord under this Lease and Landlord has delivered any Security Deposit held by Landlord to Landlord's successor in interest, be and hereby is entirely relieved of all liability under any and all of Landlord's covenants and obligations contained in or derived from this Lease with respect to the period commencing with the consummation of the sale or exchange and assignment.

18. Non-Waiver.

(a) No waiver of any provision of this Lease shall be implied by any failure of Landlord to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Landlord of any provision of this Lease must be in writing.

(b) No receipt of Landlord of a lesser payment than the rent required under this Lease shall be considered to be other than on account of the earliest rent due, and no endorsement or statement on any check or letter accompanying a payment or check shall be considered an accord and satisfaction. Landlord may accept checks or payments without prejudice to Landlord's right to recover all amounts due and pursue all other remedies provided for in this Lease.

Landlord's receipt of any rent or other payment from Tenant after giving notice to Tenant terminating this Lease shall in no way reinstate, continue, or extend the Lease term or affect the termination notice given by Landlord before the receipt of such rent or payment. After serving notice terminating this Lease, filing an action, or obtaining final judgment for possession of the Premises, Landlord may receive and collect any rent, and the payment of that rent shall not waive or affect such prior notice, action, or judgment.

19. Holding Over. Tenant shall vacate the Premises and deliver the same to Landlord upon the expiration or sooner termination of this Lease. In the event of holding over by Tenant after the expiration or termination of this Lease, such holding over shall be on a month-to-month tenancy and all of the terms and provisions of this Lease shall be applicable during such period, except that in addition to the payment of Additional Rent, Tenant shall pay Landlord as Monthly Base Rent during such holdover an amount equal to the greater of (i) one hundred fifty percent (150%) of the Monthly Base Rent in effect at the expiration of the term, or (ii) the then market rent for comparable research and development/office space. If such holdover is without Landlord's written consent, Tenant shall be liable to Landlord for all costs, expenses, and consequential damages incurred by Landlord as a result of such holdover, including but not limited to damages resulting from Landlord's inability to timely deliver possession of the Premises to a new tenant. The rental payable during such holdover period without Landlord's written consent shall be payable to Landlord on demand.

20. Damage or Destruction.

(a) In the event of a total destruction of the Building during the term from any cause, Landlord may elect to terminate this Lease by giving written notice of termination to the Tenant within thirty (30) days after the casualty occurs. A total destruction shall be deemed to have occurred for this purpose if the Building or the Premises that are the subject of this Lease are destroyed to the extent of seventy-five percent (75%) or more of the replacement cost thereof. If the Lease is not terminated, Landlord shall repair and restore the Premises in a diligent manner and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent of the Premises which are the subject of this Lease shall be abated in accordance with Paragraph 20(d) below.

(b) In the event of a partial destruction of the Building or the Premises to an extent less than seventy-five percent (75%) of the replacement cost thereof, and (i) if Landlord reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of two hundred seventy (270) days from the date of such casualty, (ii) there are at least twelve (12) months remaining in the term of this Lease or if there are less than twelve (12) months remaining in the term of this Lease, then Landlord reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of ninety (90) days from the date of such casualty, and (iii) the casualty is from a cause which is insured under Landlord's "all risk" property insurance, or is insured under any other coverage then carried by Landlord, then Landlord shall forthwith repair the same, and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent shall be abated in accordance with Paragraph 20(d) below. If any of the foregoing conditions are not met, Landlord shall have the option of either repairing and restoring the Building and Improvements, or terminating this Lease by giving written notice of termination to Tenant within sixty (60) days after the casualty.

(c) Landlord's election to repair and restore the Building and Improvements or to terminate this Lease, shall be made and written notice thereof shall be given to Tenant within sixty (60) days after the casualty. Notwithstanding the foregoing, (1) Tenant may terminate this Lease by written notice to Landlord if Landlord has not obtained all necessary governmental permits for the restoration and commenced construction of the restoration within ninety (90) days after the casualty; or (2) if Landlord elects to repair and restore the Building and Improvements under Paragraph 20(b) above, but the repairs and restoration are not substantially completed within three hundred sixty-five (365) days after the casualty plus the period of any force majeure delays (as defined in subparagraph (e)), Tenant may terminate this Lease by written notice to Landlord given within thirty (30) days after the expiration of said period of three hundred sixty-five (365) days after the casualty, provided that the repairs and restoration are not substantially completed prior to the receipt by Landlord of such notice of termination.

(d) In the event of repair, reconstruction, or restoration as provided herein, the Monthly Base Rent and Additional Rent shall be abated proportionally in the ratio which the Tenant's use of the Premises is impaired and Tenant does not use such portion of the Premises during the period of such repair, reconstruction, or restoration, from the date of the casualty until such repair, reconstruction or restoration is substantially completed.

(e) Landlord's obligation to repair and restore the Building and Improvements shall include the Tenant Improvements referred to in Paragraph 13(b) up to the cost of the Tenant Improvement Allowance. Landlord's time for completion of the repairs and restoration of the Building and Improvements referred to above shall be extended by a period equal to any delays ("**force majeure delays**") caused by strikes, labor disputes, unavailability of materials, inclement weather, circumstances not within Landlord's control, or acts of God.

(f) In the event of termination of this Lease pursuant to any of the provisions of this Paragraph 20, the Monthly Base Rent and Additional Rent shall be apportioned on a per diem basis and shall be paid to the date of the casualty. In no event shall Landlord be liable to Tenant for any damages resulting to Tenant from the occurrence of such casualty, or from the repairing or restoration of the Building and Improvements, or from the termination of this Lease as provided herein, nor shall Tenant be relieved thereby from any of Tenant's obligations hereunder, except to the extent and upon the conditions expressly set forth in this Paragraph 20.

(g) Notwithstanding anything herein to the contrary, Landlord shall not be obligated to restore the Premises or the Building and shall have the right to terminate this Lease if (a) the holder of any mortgage fails or refuses to make insurance proceeds available for such repair and restoration, (b) zoning or other applicable laws or regulations do not permit such repair and restoration, or (c) the cost of repairing and restoring the Building would exceed fifty percent (50%) of the replacement value of the Building, whether or not the Premises is damaged or destroyed, provided the leases of all other tenants in the Building are similarly terminated.

(h) Notwithstanding anything herein to the contrary, if the Premises are destroyed or damaged and Landlord elects to terminate this Lease by giving written notice of termination to Tenant as permitted under this Paragraph 20, then Tenant may notify Landlord of its desire to repair and restore the Premises and thereafter, the parties agree to enter into good faith negotiations for a reasonable period of time for the repair and restoration of the Premises, at

Tenant's sole cost and expense, upon terms and conditions mutually acceptable to Tenant and Landlord. Any such agreement reached by Landlord and Tenant shall be subject to the approval of the holder of any mortgage and compliance with all zoning or other applicable Laws or regulations.

21. Eminent Domain.

(a) If the whole or any substantial part of the Property is taken or condemned by any competent public authority for any public use or purpose, the term of this Lease shall end upon the earlier to occur of the date when the possession of the part so taken shall be required for such use or purpose or the vesting of title in such public authority. Rent shall be apportioned as of the date of such termination. Any award arising from the condemnation of any portion of the Property or the settlement thereof shall belong to and be paid to Landlord. However, Tenant may file a separate claim at Tenant's sole cost and expense for (i) leasehold improvements installed at Tenant's expense or other property owned by Tenant, and (ii) reasonable costs of moving by Tenant to another location in Travis County or surrounding areas within the Austin, Texas area. In all events, Landlord shall be solely entitled to any award with respect to the real property, including the bonus value of the leasehold.

(b) If there is a partial taking of the Property by eminent domain which is not a substantial part of the Property and the Premises remain reasonably suitable for continued use and occupancy by Tenant for the purposes referred to in Paragraph 8, Landlord shall complete any necessary repairs in a diligent manner and this Lease shall remain in full force and effect with a just and proportionate abatement of the Monthly Base Rent and Additional Rent, based on the extent to which Tenant's use of the Premises is completely impaired thereafter (subject to subparagraph (c) below). If after a partial taking, the Premises are not reasonably suitable for Tenant's continued use and occupancy for the uses permitted herein, Tenant may terminate this Lease effective on the earlier of the date title vests in the public authority or the date possession is taken. Subject to the provisions of Paragraph 21(a), the entire award for such taking shall be the property of Landlord.

(c) Notwithstanding anything herein to the contrary, if twenty-five percent (25%) or more of the Property or the Building is taken or condemned, then whether or not any portion of the Premises is taken or condemned, Landlord shall have the right to terminate this Lease as of the date title vests in the public authority.

22. Default; Remedies. If Tenant fails to make any payment of rent or any other sum due under this Lease, and such failure continues for five (5) days after receipt by Tenant of written notice from Landlord; or if Tenant fails to comply with any term, provision or covenant of this Lease and does not cure such failure within fifteen (15) days after receipt by Tenant of written notice from Landlord or such shorter time period specified in this Lease (unless such default is incapable of cure within fifteen (15) days and Tenant commences cure within fifteen (15) days and thereafter diligently prosecutes the cure to completion within a reasonable time, not to exceed sixty (60) days); or if Tenant's interest herein, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease); or if Tenant makes a general assignment for the benefit of its creditors; or if this Lease is rejected (i) by a bankruptcy trustee for Tenant, (ii) by Tenant as debtor in possession, or (iii) by failure of Tenant as a bankrupt debtor to act timely in assuming or rejecting this Lease; then any of such events shall constitute an event of default and breach of this Lease by Tenant and Landlord may, at its option, elect any or all of the remedies set forth below in subparagraphs (a), (b), (c) and (d) below or otherwise available to Landlord at law or in equity. Any such rejection of this Lease referred to above shall not cause an automatic termination of this Lease. Whenever in this Lease reference is made to a default by Tenant, such reference shall refer to an event of default as defined in this Paragraph 22.

(a) Landlord may terminate this Lease by giving to Tenant notice of Landlord's election to do so, in which event the Term shall end, and all right, title and interest of Tenant hereunder shall expire, on the date stated in such notice. If this Lease is terminated by Landlord, Landlord shall be entitled to recover from Tenant all rent accrued and unpaid for the period up to and including such termination date, as well as all other additional sums payable by Tenant, or for which Tenant is liable or for which Tenant has agreed to indemnify Landlord, which may be then owing and unpaid, and all reasonable costs and expenses, including court costs and reasonable attorneys' fees incurred by Landlord in the enforcement of its rights and remedies hereunder. In addition, Landlord shall be entitled to recover as damages for loss of the bargain and not as a penalty, (1) the aggregate sum which at the time of such termination represents the excess, if any, of the present value of the aggregate rent which would have been payable after the termination date had this Lease not been terminated, including, without limitation, the amount reasonably projected by Landlord to represent Additional Rent for the remainder of the Term, over the then present value of the then aggregate fair rent value of the Premises for the same period (including, without limitation, said amount reasonably projected by Landlord to represent Additional Rent for the remainder of the Term), such present worth to be computed in each case using the then current discount rate of the Federal Reserve Bank of San Francisco plus one percent (1%) from the respective dates upon which such rent would have been payable hereunder had this Lease not been terminated, and (2) the cost of repossessing, remodeling and re-renting the Premises and any damages in addition thereto, including without limitation reasonable attorneys' fees and court costs, which Landlord sustains as a result of the breach of any of the covenants of this Lease other than for the payment of rent.

(b) Landlord may terminate the right of Tenant to possession of the Premises without terminating this Lease by giving notice to Tenant that Tenant's right to possession shall end on the date stated in such notice, whereupon the right of Tenant to possession of the Premises or any part thereof shall cease on the date stated in such notice. If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease, Landlord shall have the right to immediate recovery of all amounts then due hereunder. Such termination of possession shall not release Tenant, in whole or in part, from Tenant's obligation to pay rent hereunder for the full Term, and Landlord shall have the right, from time to time, to recover from Tenant, and Tenant shall remain liable for, all Rent accruing as it becomes due under this Lease during the period from the date of such notice of termination of possession to the stated end of the Term. In any such case, Landlord shall make reasonable efforts to relet the Premises, but (1) Landlord shall have no obligation to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including, without limitation, the final and unappealable legal right to relet the Premises free of any claim of Tenant; (2) Landlord shall not be obligated to lease or show the Premises, on a priority basis, or offer the Premises to a prospective tenant when other premises on the Property or Other Landlord Property suitable for that prospective tenant's use are (or soon will be) available; (3) Landlord shall not be obligated to lease the Premises to another tenant for a rent less than the current fair market rent then prevailing for similar uses in comparable buildings in the same market area as the Building, nor shall Landlord be obligated to enter into a new lease under other terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building; and (4) Landlord shall not be obligated to enter into a lease with another tenant which does not have, in Landlord's reasonable opinion, sufficient financial resources to operate the Premises in a first class manner and to fulfill all of the obligations in connection with the lease thereof as and when the same become due. In attempting to relet the Premises, Landlord may make repairs, alterations and additions in or to the Premises and redecorate the same to the extent reasonably deemed by Landlord necessary or desirable, and Tenant upon demand shall pay the reasonable cost of all of the foregoing together with Landlord's reasonable expenses of reletting. The rents from any such reletting shall be applied first to the payment of the expenses of reentry, redecoration, repair and alterations and the expenses of reletting (including reasonable attorneys' fees and brokers' fees and commissions) and second to the payment of rent herein provided to be paid by Tenant. Any excess or residue shall operate only as an offsetting credit against the amount of rent due and owing as the same thereafter becomes due and payable hereunder.

(c) Landlord may exclude Tenant from the Premises, without judicial action, by changing the door locks in accordance with Chapter 93 of the Texas Property Code.

(d) Landlord may enforce the provisions of this Lease by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all moneys due or to become due from Tenant under any of the provisions of this Lease.

(e) Landlord's failure to perform or observe any of its obligations under this Lease or to correct a breach of any warranty or representation made in this Lease within thirty (30) days after receipt of written notice from Tenant setting forth in reasonable detail the nature and extent of the failure referencing pertinent Lease provisions or if more than thirty (30) days is required to cure the breach, Landlord's failure to begin curing within the thirty (30) day period and diligently prosecute the cure to completion, shall constitute a default. If Landlord commits a default, Tenant's sole remedy shall be to institute an action against Landlord for damages or for equitable or injunctive relief, but Tenant shall not have the right to punitive damages, consequential damages, rent abatement, offset against rent, or to terminate this Lease in the event of any default by Landlord and Tenant expressly waives the defense of constructive eviction.

(f) If this Lease provides for a postponement of any Monthly Base Rent, Additional Rent, a period of "free" rent, reduced rent, early occupancy, or other rent concession, such postponed rent, "free" rent, reduced rent or other rent concession shall be referred to herein as the "**Abated Rent**". Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. Accordingly, if an event of default by Tenant shall occur that results in termination of this Lease, then the unamortized portion of the Abated Rent (amortized over the initial Term of this Lease) shall immediately become due and payable in full and this Lease shall be enforced as if there were no such Rent abatement or other Rent concession as to such unamortized portion. In such case the unamortized portion of the Abated Rent shall be calculated by multiplying the total Abated Rent by a fraction, the numerator of which is the number of unexpired months remaining on the initial Lease term as of the date of termination of the Lease and the denominator of which is the total number of months remaining on the initial Term as of the date of termination of the Lease, based on the full initial Rent payable under the Lease. Notwithstanding the foregoing, if Tenant shall cure the default within the applicable cure period as set forth in this Lease and the Lease has not been terminated, the Abated Rent shall be reinstated.

(g) All covenants and agreements to be performed by Tenant under this Lease shall be at its sole cost and expense and without abatement of rent or other sums due under this Lease, unless otherwise specified in this Lease. If Tenant shall fail to pay any sum of money required to be paid by Tenant under this Lease or shall fail to perform any other act on Tenant's part to be performed under this Lease within the time periods described in the first paragraph of Paragraph 22(a), Landlord may, but shall not be obligated so to do and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums paid by Landlord, whether to fulfill Tenant's unfulfilled payment obligations, to perform Tenant's unfulfilled performance obligations, or to compel Tenant to fulfill or perform its obligations under this Lease, and all incidental costs, including attorneys' fees, plus an administrative fee of five percent (5%) of all amounts so expended by Landlord, shall be deemed additional rent hereunder and shall be payable to Landlord upon demand.

(h) Tenant shall pay for costs incurred by Landlord in reletting the Premises or incurred by Landlord in entering into a new lease following the termination of this Lease or termination of Tenant's possession, including, without limitation, (i) allowances, rent abatements, free rent, and other concessions given to the new tenant, (ii) commissions, and (iii) alterations and improvements to the Premises ("**Re-tenanting Costs**"), provided that such Re-tenanting Costs shall be amortized on a straight line basis over the period of time from the date of such termination to the last day of the initial term of the new lease so that Tenant is charged only with the proportion thereof allocated to the remainder of the Term of this Lease. However, for purposes of clarification, Re-tenanting Costs do not include Landlord's costs for removing, storing or disposing of Tenant's or any other occupant's property; Landlord's costs for repairing any damage to the Premises and for restoring the Premises to the condition required under the Lease upon expiration or termination of the Lease; any permitting costs in connection with the foregoing; or any other costs incurred by Landlord in enforcing or defending Landlord's rights and/or remedies including without limitation reasonable attorneys' fees, all of which costs shall be due and payable by Tenant in full without amortization.

23. Tenant's Personal Property. If any personal property of Tenant remains on the Premises after (1) Landlord terminates this Lease pursuant to Paragraph 22 above following an event of default by Tenant, or (2) after the expiration of the Term or after the termination of this Lease pursuant to any other provisions hereof, Landlord shall give written notice thereof to Tenant pursuant to applicable law. Landlord shall thereafter release, store, and dispose of any such personal property of Tenant in accordance with the provisions of applicable law.

24. Notices. All notices required under the Lease and other information concerning this Lease ("**Communications**") shall be personally delivered or sent by first class mail, postage prepaid, by overnight courier. In addition, the Landlord may, in its sole discretion, send such Communications to the Tenant electronically, or permit Tenant to send such Communications to the Landlord electronically, in the manner described in this Paragraph.

Such Communications sent by personal delivery, mail or overnight courier will be sent to the addresses on the signature page of this Lease, or to such other addresses as the Landlord and Tenant may specify from time to time in writing. Communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, or (ii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

Such Communications may be sent electronically by the Landlord and Tenant (i) by transmitting the Communication to the electronic address provided by the Tenant or to such other electronic address as the Tenant may specify from time to time in writing, or (ii) by posting the Communication on a website and sending the Tenant a notice to the Tenant's postal address or electronic address telling the Tenant that the Communication has been posted, its location, and providing instructions on how to view it. Communications sent electronically to the Tenant will be effective when the Communication, or a notice advising of its posting to a website, is sent to the Tenant's electronic address.

25. Estoppel Certificate. Tenant shall within ten (10) business days following request by the Landlord, execute and deliver to the Landlord an estoppel certificate (1) certifying that this Lease has not been modified and certifying that this Lease is in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (2) stating the date to which the rent and other charges are paid in advance, if at all; (3) stating the amount of any Security Deposit held by Landlord; (4) acknowledging that

there are not, to the Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder, or if there are uncured defaults on the part of the Landlord, stating the nature of such uncured defaults; and (5) any other provisions reasonably requested by Landlord.

26. Signage. Landlord shall provide space on the Property's monument sign to Tenant at Landlord's sole cost and expense, and Tenant shall not be entitled to any other signage. For clarity, Tenant shall not be permitted to install signage on the exterior of the Building. In any event, all of Tenant's signage shall comply with the City of Austin sign ordinances and regulations and shall be subject to Landlord's approval as to the specific location, size and design thereof, such approval not to be unreasonably withheld, conditioned, or delayed. The cost of the installation, fabrication, design, repair, replacement and removal of Tenant's signage shall be paid by Tenant.

27. Real Estate Brokers. Tenant's broker is CBRE ("**Tenant's Broker**") and Landlord's broker is CBRE ("**Landlord's Broker**" and collectively with Tenant's Broker, the "**Brokers**"). Landlord shall pay a leasing commission to the Brokers pursuant to a separate agreement. Each party represents and warrants to the other party that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease other than Tenant's Broker and Landlord's Broker and each party shall hold harmless the other party from all damages, expenses, and liabilities resulting from any claims that may be asserted against the other party by any broker, finder, or other person with whom the other party has or purportedly has dealt, other than the above named brokers.

28. Parking.

(a) Tenant shall have the right to the nonexclusive use of unreserved on-site vehicular parking spaces on the Land at the ratio of 3.3 parking spaces per 1,000 rentable square feet of space in the Premises (the "**Parking Ratio**"), such spaces to be provided at no additional cost to Tenant. However, if the City of Austin requires that the number of striped parking spaces located at the Property to be reduced to conform to maximum parking allowances adopted by the City of Austin, and so long as such requirement was not triggered by Landlord, the number of parking spaces identified in the first sentence of this Paragraph shall be proportionately reduced. Parking shall be subject to such reasonable rules and regulations for such parking facilities which may be established or altered by Landlord at any time from time to time during the Term. Vehicles of Tenant or its employees shall not park in driveways or occupy parking spaces or other areas reserved for deliveries, or loading or unloading.

(b) Tenant acknowledges that Landlord's plans for the future development of the Promptly currently include the construction of a parking garage over a portion of the Common Area containing surface parking spaces to be utilized by Tenant, and that construction of such parking garage will require demolition of such surface parking spaces. Accordingly, prior to demolishing any surface parking spaces on the Property which are necessary to satisfy the Parking Ratio, Landlord will: (i) provide Tenant not less than thirty (30) days' prior written notice, (ii) provide Tenant parking spaces in another location in reasonable proximity to the Property during construction of the parking garage so that Tenant shall continue to have uninterrupted access to parking spaces in a total amount sufficient to satisfy the Parking Ratio, and (iii) upon completion of construction of the parking garage, the garage shall be included in the Common Area and Tenant shall be permitted non-exclusive use of unreserved parking spaces in the garage up to the amount necessary to satisfy the Parking Ratio (when combined with other unreserved parking spaces available to Tenant on the Property).

29. Subordination; Attornment.

(a) Landlord represents to Tenant that as of the date of this Lease, Landlord has not granted any mortgage or deeds of trust lien encumbering the Property. Subject to satisfaction of the SNDA Condition (defined hereinbelow), this Lease, without any further instrument, shall at all times be subject and subordinate to the lien of any and all ground or underlying leases, mortgages and deeds of trust which may now or hereafter be placed on, against or affect Landlord's estate in the real property of which the Premises form a part, and to all advances made or hereafter to be made upon the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Subject to the SNDA Condition, this subordination shall be self-operative; provided that Tenant shall execute promptly any commercially reasonable instrument that Landlord or any mortgagee/deed of trust beneficiary may request confirming subordination. Landlord shall deliver to Tenant a subordination, non-disturbance and attornment agreement ("**SNDA**") from the beneficiary of any deed of trust executed by Landlord as trustor following the date of this Lease; such SNDA to be on such beneficiary's form and reasonably satisfactory to Tenant (collectively, the "**SNDA Condition**"). Within ten (10) days after Landlord's written request, Tenant shall execute an SNDA satisfying the requirements of this Paragraph 29(a), with signatures notarized for recording, and deliver such agreement to Landlord for execution by the beneficiary and recording in the Official Records of Travis County, Texas.

(b) In confirmation of such subordination, Tenant covenants and agrees to execute and deliver within ten (10) business days of Landlord's request any certificate or other instrument which Landlord may reasonably deem proper to evidence such subordination in commercially reasonable form (which document recognizes Tenant's rights under this Lease), without expense to Tenant; provided, however, that if any person or persons purchasing or otherwise acquiring the real property of which the Premises form a part by any sale, sales and/or other proceedings under such mortgages and/or deeds of trust, shall elect to continue this Lease in full force and effect in the same manner and with like effect as if such person or persons had been named as Landlord herein, then this Lease shall continue in full force and effect as aforesaid, and Tenant hereby attorns and agrees to attorn to such person or persons in writing upon request.

(c) If Tenant is notified in writing of Landlord's default under any deed of trust affecting the Premises and if Tenant is instructed in writing by the party giving notice to make Tenant's rental payments to such beneficiary, Tenant shall comply with such request without liability to Landlord (and with full credit of any amounts paid to such party by Tenant to the corresponding amounts owed to Landlord) until Tenant receives written confirmation that such default has been cured by Landlord and that the deed of trust has been reinstated.

30. No Termination Right. Except in a claim for eviction, Tenant shall not have the right to terminate this Lease as a result of any default by Landlord, and Tenant's remedies in the event of a default by Landlord shall be limited to the remedy set forth in Paragraph 22(c).

31. Landlord's Entry. Except in the case of an emergency and except for permitted entry during Tenant's normal working hours, both of which may occur without prior notice to Tenant, but subject Tenant's reasonable security/control procedures for its CLIA operations, Landlord and Landlord's agents shall provide Tenant with at least one business day notice prior to entry of the Premises. Landlord may enter the Premises for any reasonable purpose related to Landlord's ownership and operation of the Property. Such entry by Landlord and Landlord's agents shall not impair Tenant's operations more than reasonably necessary. Landlord may enter the Premises at any time without prior notice to Tenant if the Premises are vacant, if Tenant is no longer conducting its ordinary business at the Premises, or if Tenant has made a general assignment for the benefit of creditors.

32. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the provisions of this Lease or for recovery of the possession of the Premises (including litigation, or a proceeding in a bankruptcy court), the prevailing party shall be entitled to recover from the other party costs of suit and reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

33. Quiet Enjoyment. Upon payment by Tenant of the rent for the Premises and the observance and performance of all of the covenants, conditions, and provisions on Tenant's part to be observed and performed under this Lease within applicable notice and cure periods, Tenant shall have quiet enjoyment and possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

34. Financial Information. Tenant represents and warrants to Landlord that all financial and other information that it has provided to Landlord prior to the date of this Lease is true, correct and complete. Within fourteen (14) days of Landlord's written request therefor (but no more often than once per calendar year), Tenant shall promptly furnish to Landlord an audited financial statement with respect to Tenant for its most recent fiscal year prepared in accordance with generally accepted accounting principles and certified to be true and correct by Tenant; and if no such audited financial statement is available, then Tenant shall instead deliver to Landlord its most currently available balance sheet, income statement and unaudited financial statement and/or such other information, the type and form of which are acceptable to Landlord in Landlord's reasonable discretion, which reflects the financial condition of Tenant ("**Certified Financial Statements**"). Landlord shall keep Tenant's financial information and statement confidential and use such financial information or statements only for the purpose in connection with this Lease.

35. SDN List. Tenant represents and warrants to Landlord that Tenant is not, and the entities or individuals that constitute Tenant, that may own or control Tenant, or that may be owned or controlled by Tenant (in all cases, other than through the ownership of publicly traded, direct or indirect ownership interests) (each a "**Subject Tenant Party**") are not, (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**") for the purpose of identifying suspected terrorists or on the most current list published by the OFAC at its official website, http://www.treas.gov/ofac/tllsdn.pdf or any replacement website or other replacement official publication of such list which identifies an "**Specially Designated National**" or "blocked person" (either of which are referred to herein as a "**SDN**"). If at any time during the Lease Term Landlord discovers that Tenant has breached the foregoing representations and warranties, or Landlord reasonably believes that Tenant or any Subject Tenant Party is in violation of any laws relating to terrorism or money laundering or that Tenant or any Subject Tenant Party is identified as an SDN, Tenant shall be deemed in default under this Lease following three (3) days written notice from Landlord to Tenant unless, within such three day period, Tenant delivers written evidence, reasonably acceptable to Landlord, that Tenant is not in violation of such laws or that Tenant (or the Subject Tenant Party, as applicable) is not a person or entity identified as an SDN. Except as otherwise expressly provided in the foregoing sentence, and without further notice, any default by Tenant under this Paragraph 35 shall be deemed an incurable default by Tenant and, in addition to any other rights and remedies that Landlord may have upon such default, Landlord shall also have the right to immediately terminate this Lease upon written notice to Tenant and recover possession of the Premises.

36. Sustainable Practices for the Building. Landlord and Tenant acknowledge and agree that Landlord is committed to employing sustainable operating and maintenance practices for the Building. Tenant shall fully cooperate with Landlord in any reasonable programs in which

Landlord may elect to participate relating to the Building's (i) energy efficiency, management and conservation; (ii) water conservation and management; (iii) environmental standards and efficiency; (iv) recycling and reduction programs; and/or (v) safety, which participation may include, without limitation, the Leadership in Energy and Environmental Design (LEED) program and related Green Building Rating System promoted by the U.S. Green Building Council and/or the Austin Energy Green Building program ("**Green Energy Programs**"). All carbon tax credits and similar credits, offsets and deductions are the sole and exclusive property of Landlord. Tenant affirms its support of these practices, and agrees to cooperate with Landlord by implementing reasonable conservation practices. Periodically, Landlord may offer additional examples, guidance and practices related to energy conservation measures, which Tenant agrees to consider for implementation. Notwithstanding anything herein to the contrary, Tenant shall not be restricted from operating its business in the fashion and manner which it deems appropriate for itself, in accordance with the Use provisions of this Lease. Should any specific practice(s) proposed by Landlord be deemed to be inconsistent with Tenant's business operations, Tenant shall so advise Landlord in writing as its reason for declining to implement such specific practice(s).

37. Intentionally Deleted.

38. Intentionally Deleted.

39. Landlord's Renovations. Except as otherwise expressly set forth herein, it is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, the Property or any part thereof and that no representations respecting the condition of the Property, Premises or the Building except as specifically set forth herein, or the areas in the vicinity of the Property have been made by Landlord to Tenant. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Property and/or the Building, including, without limitation, the parking areas, Common Areas, systems and equipment, roof, and structural portions of the same. In connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Premises and/or the Building, and limit or temporarily eliminate access to portions of the Property, including portions of the Common Areas, or perform work in the Premises or the Building, as applicable, which work may create noise, vibrations, dust or leave debris in the Building and/or the Premises. In connection with such Renovations, Landlord may enter the Premises at reasonable times and upon reasonable notice to Tenant, to construct such Renovations; provided, however, that Landlord agrees to perform any highly disruptive portion of the Renovations in the Premises during non-business hours. The scope and extent of such Renovations shall be determined by Landlord in its sole discretion. Certain areas, including areas of the Property and parking are that are currently being used by tenants of the Building, including by Tenant, may be temporarily unavailable for use by tenants of the Building, including Tenant, during portions of the Renovations. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use of and access to the Building and the Premises when performing such Renovations. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions.

40. General Provisions. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of

partnership or of joint venture of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

(a) Each and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided elsewhere in this Lease, their respective heirs, executors, administrators, successors, and assigns, subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this Lease with respect to the assignment, transfer, encumbering, or subletting of all or any part of Tenant's interest in this Lease.

(b) The captions of the paragraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

(c) This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this instrument.

(d) This Lease shall be governed by and construed pursuant to the laws of the State of Texas.

(e) Recourse by Tenant for breach of this Lease by Landlord shall be expressly limited to the amount of Landlord's interest in the Property and the rents, issues, insurance, condemnation, and sales proceeds actually received by Landlord, and profits therefrom, and in the event of any such breach or default by Landlord, Tenant hereby waives the right to proceed against any other assets of Landlord or against any other assets of any manager, member, officer, partner, director, principal, trustee, beneficiary, employee or agent of Landlord, unless Tenant brings a successful action to pierce the corporate veil of Landlord relating to the liability under this Lease. In the event of a breach of default of this Lease by Tenant, Landlord hereby waives the right to proceed against any assets of any manager, member, officer, partner, director, principal, trustee, beneficiary, employee or agent of Tenant, unless Landlord brings a successful action to pierce the corporate veil of Tenant relating to the liability under this Lease.

(f) Any provision or provisions of this Lease which shall be found to be invalid, void or illegal by a court of competent jurisdiction, shall in no way affect, impair, or invalidate any other provisions hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(g) This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

(h) Each party represents to the other that the person signing this Lease on its behalf is properly authorized to do so, and in the event this Lease is signed by an agent or other third party on behalf of either Landlord or Tenant, written authority to sign on behalf of such party in favor of the agent or third party shall be provided to the other party hereto either prior to or simultaneously with the return to such other party of a fully executed copy of this Lease.

(i) No binding agreement between the parties with respect to the Premises shall arise or become effective until this Lease has been duly executed by both Tenant and Landlord and a fully executed copy of this Lease has been delivered to both Tenant and Landlord.

(j) Tenant acknowledges that the terms and conditions of this Lease constitute confidential information of Landlord. Tenant shall, not disclose the contents of this Lease, lease proposals, lease drafts, or other documentation containing the terms, identity of the parties, details or conditions contained herein in any manner to any third party without obtaining the prior written consent of the Landlord, except to the attorneys, accountants, brokers, lenders, investors, potential investors, potential business or merger partners, potential subtenants and assignees, or other authorized business representatives or agents of the parties, or except to the extent required to comply with applicable laws, including any filings by Tenant pursuant to state or federal securities laws. Tenant shall not make any public announcement of the consummation of this Lease transaction without the prior approval of the Landlord.

(k) Except as provided in Paragraph 22(c), the rights and remedies that either party may have under this Lease or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

(l) Tenant waives any claim for consequential damages which Tenant may have against Landlord for breach of or failure to perform or observe the requirements and obligations created by this Lease.

(m) Landlord and Tenant each agree to and they hereby do, to the maximum extent permitted by law, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage, and any statutory remedy.

(n) This Lease shall not be recorded.

(o) Whenever this Lease requires an approval, consent, determination, selection or judgment by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed and, in exercising any right or remedy hereunder, each party shall at all times act reasonably and in good faith.

41. Counterparts; Electronic Signatures. This Lease may be executed in any number of counterparts, each of which, when so executed by a party, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. Electronic transmission signatures of any of the parties shall be deemed to be original signatures in connection with the execution of this Lease or any modification of this Lease.

42. Amendments. This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

43. Right of First Offer.

(a) Tenant will have an ongoing right of first offer (the "**Right of First Offer**") to lease space in any future office or laboratory buildings which Landlord develops on the Property (the “**ROFO Space**”), on the terms and conditions set forth in this Paragraph 44. Prior to leasing the ROFO Space, Landlord shall first provide written notice to Tenant (the "**Offer Notice**") outlining that Landlords intends to lease or market the ROFO Space and the terms under which Landlord is prepared to lease the ROFO Space. Tenant may lease such ROFO Space in its entirety under such terms, by providing Landlord with written notice of exercise (the "**Offer Notice of Exercise**") within five (5) business days after the date of the Offer Notice. However, Tenant shall have no such Right of First Offer and Landlord need not provide Tenant with an Offer Notice, if a default by Tenant exists under this Lease beyond any applicable notice and cure period or if Tenant is not occupying all of the Premises at the time that Landlord would otherwise deliver the Offer Notice.

(b) The term for the ROFO Space shall commence upon the commencement date stated in the Offer Notice, and Tenant shall pay Base Rent and Additional Rent for the ROFO Space in accordance with the terms and conditions of the Offer Notice, which terms and conditions shall reflect the fair market rate for the ROFO Space as determined in Landlord's reasonable judgment. Tenant’s lease of the ROFO Space shall be set forth in a written lease agreement substantially identical to this Lease, except to account for the terms and conditions set forth in the Offer Notice and other differences particular to the ROFO Space. Tenant shall execute and deliver such lease within ten (10) days after delivery by Landlord to Tenant.

(c) Tenant acknowledges that the terms of any Offer Notice delivered by Landlord are confidential and that the disclosure of such terms to third parties will cause Landlord immediate and irreparable harm. Consequently, Tenant agrees not to discuss, communicate or transmit such terms to any third parties. Tenant shall take all reasonable action to prevent the unauthorized use by or disclosure of such terms to third parties. Tenant shall also advise its employees and agents who may have knowledge of the terms of any Offer Notice that said terms are deemed confidential and privileged.

(d) Tenant’s Right of First Offer set forth in this Paragraph 44 is personal to BillionToOne and its Permitted Transferees only, and shall not be exercisable by any assignee, subtenant or other transferee of or successor to any portion of the BillionToOne’s interest under this Lease or to the Premises

(e) The rights of Tenant hereunder with respect to the ROFO Space shall terminate on the earlier to occur of: (i) Tenant’s failure to exercise its Right of First Offer within the five (5) business day period provided above, and (ii) the date Landlord would have provided an Offer Notice Tenant had not been in violation of one or more of the conditions set forth in Paragraph 44(a) above.

(f) [*Remainder of page intentionally left blank; Signatures follow*.]

(g)

IN WITNESS WHEREOF, the Landlord and Tenant have duly executed this Lease as of the date first set forth herein.

"LANDLORD"

TPI Investors 21, LLC
a California limited liability company

By: /s/ John C. Tarlton
Name: John C. Tarlton
Title: Member

Address:

TPI Investors 21, LLC
c/o Tarlton Properties
1530 O'Brien Drive, Suite C
Menlo Park, CA 94025
Attn: General Counsel

"TENANT"

BillionToOne, Inc., a Delaware corporation

By: /s/ Oguzhan Atay

Its: Chief Executive Officer

Address:

BillionToOne, Inc.
1035 O'Brien Drive
Menlo Park, CA 94025
Attention: General Counsel

<u>EXHIBIT “A”</u>

Description of the Land

Lot 2, Block D, EASTVILLAGE PHASE 2, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded as Document No. 202200083, Official Public Records, Travis County, Texas.

EXHIBIT “B”

Intentionally Deleted

EXHIBIT “C”

Intentionally Omitted

EXHIBIT “D”

EXHIBIT “E”

EXHIBIT "F"

Work Letter

This Work Letter ("**Work Letter**") sets forth the terms and conditions relating to the construction of Tenant Improvements for the Premises. All references in this Work Letter to the Lease shall mean the relevant portions of the Lease between TPI Investors 21, LLC, a California limited liability company, as Landlord, and BillionToOne, Inc., a Delaware corporation, as Tenant, for the Premises to which this Work Letter is attached as Exhibit F (the "**Lease**").

In consideration of the mutual covenants contained below, Landlord and Tenant agree as follows:

1. Definitions. For purposes of this Work Letter, (i) capitalized terms not defined in this Work Letter but defined in the Lease shall have the same meaning ascribed to such terms in the Lease and (ii) other terms used in this Work Letter shall have the meaning ascribed to such term as set forth in this paragraph 1 or elsewhere in this Work Letter.

(a) "**Tenant Improvements**" shall mean the work and improvements to be performed by Landlord as shown on the Construction Drawings (as hereinafter defined). All such work shall be performed by Landlord at Tenant's sole cost and expense, subject to reimbursement in the amount of the Tenant Improvement Allowance (as hereinafter defined).

(b) "**Budget**" shall mean the initial budget for the Tenant Improvements attached as Exhibit "F-2" to the Lease.

(c) "**Substantially Completed**" or "**Substantial Completion**" shall mean Landlord has completed the Tenant Improvements, and received the final sign-off and any required certificate of occupancy by the applicable authorities that allows the Premises to be occupied, subject only to items which need correction or completion and are of a nature and degree as to typically appear on a construction project punch list ("**Punch List Items**") and excluding Tenant's installation of its trade fixtures, furniture, equipment, cabling, telecommunications and similar alterations within the Premises, which installation shall be Tenant's responsibility, at Tenant's cost. Within five (5) business days after Substantial Completion, Landlord and Tenant shall perform a joint walk-through of the Premises and mutually and reasonably identify in a written statement executed by each of them ("**Punch List**") the remaining Punch List Items. Landlord shall cause the Punch List Items to be corrected or completed as soon as reasonably possible.

2. Base, Shell and Core. Subject to completion of Landlord Improvement and Paragraph 2(a) of the Lease, Tenant hereby accepts the base, shell and core of the Premises (collectively, the "**Base, Shell and Core**"), in its current "AS IS" condition existing as of the Commencement Date. Except with respect to the Landlord Improvements set forth in Paragraph 13(a) of the Lease and the Tenant Improvement Allowance set forth below, Landlord shall not be obligated to make or pay for any alterations or improvements to the Premises, the Building or the Property. Tenant acknowledges and agrees that neither Landlord nor any of Landlord's agents, representatives or employees has made any representations as to the suitability, fitness or condition of the Premises for the conduct of Tenant's business or for any other purpose, including without limitation, any storage incidental thereto. Any exception to the foregoing provisions must be made by express written agreement by both parties.

3. Construction Drawings for the Premises.

(a) Prior to the execution of this Lease, Landlord and Tenant have approved a detailed space plan for the construction of certain improvements in the Premises, which space plan is attached hereto as Schedule 1 (the "**Final Space Plan**"). Based upon and in conformity with the Final Space Plan, Landlord shall cause its architect and engineers to prepare and deliver to Tenant, for Tenant's approval, detailed specifications and engineered working drawings for the tenant improvements shown on the Final Space Plan (the "**Working Drawings**"). The Working Drawings shall incorporate modifications to the Final Space Plan as necessary to comply with the floor load and other structural and system requirements of the Building. To the extent that the finishes and specifications are not completely set forth in the Final Space Plan for any portion of the tenant improvements depicted thereon, the actual specifications and finish work shall be in accordance with the specifications for the Property's standard tenant improvement items, as determined by Landlord. Within seven (7) business days after Tenant's receipt of the Working Drawings, Tenant shall approve or disapprove the same, which approval shall not be unreasonably withheld; provided, however, that Tenant may only disapprove the Working Drawings to the extent such Working Drawings are inconsistent with the Final Space Plan and only if Tenant delivers to Landlord, within such seven (7) business day period, specific changes proposed by Tenant which are consistent with the Final Space Plan and do not constitute changes which would result in any of the circumstances described in items (i) through (iv) below. If any such revisions are timely and properly proposed by Tenant, Landlord shall cause its architect and engineers to revise the Working Drawings to incorporate such revisions and submit the same for Tenant's approval in accordance with the foregoing provisions, and the parties shall follow the foregoing procedures for approving the Working Drawings until the same are finally approved by Landlord and Tenant. Upon Landlord's and Tenant's approval of the Working Drawings, the same shall be known as the "**Approved Working Drawings**". Once the Approved Working Drawings have been approved by Landlord and Tenant, Tenant shall make no changes, change orders or modifications thereto except in accordance with Paragraph 4(c) below. The Final Space Plan, Working Drawings and Approved Working Drawings shall be collectively referred to herein as, the "**Construction Drawings**."

(b) Notwithstanding the foregoing, Tenant acknowledges and agrees that the Tenant Improvements shall be designed to obtain at least a One Star Austin Energy Green Building Commercial Rating, including by meeting all prerequisite requirements (the "**Required AEGB Rating**"). To the extent achievement of the Required AEGB Rating requires deviation from the Final Space Plan, Tenant shall not be permitted to disapprove of the Working Drawings on such basis.

4. Design Process/Working Drawings.

(a) Architect and Contractor. Upon execution of the Lease, Landlord will retain the services of an architect ("**Architect**") and White Construction Company, a Mississippi corporation the "**Contractor**"). Any contract with Contractor to construct the Tenant Improvements shall be based upon a stipulated sum or guaranteed maximum price. The contract with the Architect shall not impose limitations of liabilities for its errors or omissions less than $2,000,000 and any such contracts with the Contractor shall not be based upon time and materials without a guaranteed maximum price. All contracts shall provide customary warranties of not less than one (1) year from completion of the Tenant Improvements.

(b) Commencement of Construction. At such time as all necessary governmental permits and other required approvals have been obtained by Landlord, Landlord shall commence construction of and, once commenced, shall diligently pursue the completion of the Tenant Improvements substantially in compliance with the Construction Drawings, the Budget and this Work Letter. Following completion of the Construction Drawings, Landlord shall apply for and diligently pursue all permits and other required approvals for the Tenant Improvements. Prior to the execution of the Lease, Landlord and Tenant approved a preliminary schedule for the Tenant Improvements, which is attached to the Lease as Exhibit F-3 (the "**Schedule**").

(c) Change Orders. Landlord's approval is required in advance of all changes to, and deviations from, the Construction Drawings (each a "**Change Order**"); which approval shall not be unreasonably withheld, conditioned or delayed, but may be withheld in Landlord's sole discretion if such change or modification would: (i) be of a quality lower than the quality of the standard tenant improvement items for the Building; (ii) materially increase the expected date of Substantial Completion for (y) the Tenant Improvements or (z) the Landlord Improvements; and/or (iii) require any changes to the Landlord Improvements. In the event that Tenant requests any Change Order (which Landlord approves) which increases the cost to construct the Tenant Improvements above the Tenant Improvement Allowance (and, if properly requested by Tenant pursuant to Paragraph 5(c), the Additional Allowance), such increased cost shall become part of the Excess Cost (as hereinafter defined) and shall be paid by Tenant to Landlord within ten (10) days of receipt of Landlord's invoice.

5. Tenant Improvement Allowance; Additional Allowance.

(a) Landlord shall contribute up to, but not exceeding One Hundred Eighty and 00/100 Dollars ($180.00) per rentable square foot of the Premises (i.e., up to Thirty Nine Million Five Hundred Forty One Thousand Five Hundred Dollar and 00/100 Dollars ($39,541,500.00) based on 219,675 RSF, such RSF being subject to adjustment in accordance with Paragraph 1(a) of the Lease), for costs relating to the initial design and construction of the Tenant Improvements (the "**Tenant Improvement Allowance**"). The Tenant Improvement Allowance shall be used to pay for the cost of (i) all space planning, design, ADA compliance and achievement of the Required AEGB Rating for the Tenant Improvements, including, without limitation, the costs of preparing the Construction Drawings for the Tenant Improvements within the Premises, (ii) engineering required in connection with the performance of such work, (iii) all permit fees required by any administrative or governmental agency in connection with the performance of the Tenant Improvements or other costs expended in obtaining approvals and permits, (iv) actual contractor costs and charges for materials, supplies and labor, contractor's profit, overhead and general conditions, (v) any other costs incurred in connection with the hard and soft costs of construction of the Tenant Improvements, including without limitation, any costs, fees and expenses associated with any modifications, improvements or alterations to the Premises, Building, the Common Areas and/or Property required to comply with Laws arising from the Tenant Improvements; (vi) built-in furniture and wall design elements which are fixtures or incorporated into or attached to the Premises and shall remain in the Premises upon expiration of the Term; provided, however, Tenant may elect to apply the Tenant Improvement Allowance toward purchase and installation of mobile laboratory benches subject to the following terms and conditions: Landlord shall be permitted to conduct an inventory of the mobile benches purchased and installed with funding from the Tenant Improvement Allowance; the mobile benches shall be surrendered to Landlord and remain with the Premises upon expiration of the Term; and Tenant will be responsible for the cost of repairing or replacing any mobile benches which are damaged or missing upon expiration of the Term, (vii) data cabling, and (viii) Change Orders. Tenant shall be solely responsible for all costs of Tenant Improvements in excess of the Tenant Improvement Allowance. Prior to the execution of the Lease, Landlord and Tenant approved a preliminary budget for the Tenant Improvements, which is attached to the Lease as Exhibit F-2 (the "**Budget**"). The amount by which the estimated costs of the Tenant Improvement exceed the Tenant Improvement Allowance shall mean the "**Excess Cost**" and the percentage amount of the Excess Cost divided by the Budget shall mean the "**Percentage Contribution**".

(b) The cost of the Tenant Improvements shall be paid on a pari passu basis as follows: No more often than once per month, Landlord shall deliver to Tenant a written demand for payment of the Excess Cost together with all invoices paid by Landlord for labor rendered and materials delivered with respect to the applicable payment request. Within thirty (30) days following receipt of such demand, Tenant shall pay its Percentage Contribution of the amount of labor rendered and materials delivered as shown on the invoices; provided, however, if the Tenant

Improvement Allowance is exhausted, Tenant shall pay for the entire amount of the labor rendered and materials delivered.

(c) If (i) the Financial Condition has been satisfied, (ii) Tenant’s gross revenue for the previous twelve (12) month period exceeds $130,000,000.00, and (iii) Tenant’s gross profit margin is equal or greater than 40% (with conditions (ii) and (iii) being evidenced by Certified Financial Statements delivered to Landlord), then upon satisfaction of such conditions, Tenant shall have the option of increasing the Tenant Improvement Allowance up to an additional $20.00 per rentable square foot of the Premises (i.e., up to an additional Four Million Three Hundred Ninety Three Thousand Five Hundred and 00/100 Dollars ($4,393,500.00) based on 219,675 RSF, such RSF being subject to adjustment in accordance with Paragraph 1(a) of the Lease) (the “**Additional Allowance**”) for the costs reasonably relating to the design and construction of the Tenant Improvements, upon written notice to Landlord prior to the Commencement Date. Any portion of the Additional Allowance used shall be amortized into the Monthly Base Rent at ten percent (10%) per annum over the Term commencing on the Commencement Date, but excluding the Base Rent Abatement Period, and shall be memorialized through an amendment to this Lease. Following Tenant’s election to increase the Tenant Improvement Allowance by the Additional Allowance, the Excess Cost and Percentage Contribution shall be recalculated accordingly.

(d) If any portion of the Tenant Improvement Allowance or Additional Allowance, if any, is not used by Tenant within eighteen (18) months following the Commencement Date (the “**Outside Date**”), such portion shall be deemed waived with no further obligation by Landlord with respect thereto. In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount that exceeds the Tenant Improvement Allowance as may be increased by the Additional Allowance, if any, and in no event shall Tenant be entitled to any excess, credit, deduction or offset against Rent for any unused portion of the Tenant Improvement Allowance or Additional Allowance.

6. Consents/Approvals/Representatives. Landlord has appointed Ron Krietemeyer, as its authorized representative (“**Landlord's Representative**”) to act for Landlord in all matters covered by this Work Letter. Tenant hereby designates Oguzhan Atay, as its authorized representative (“**Tenant's Representative**”) with full power and authority to bind Tenant for all actions taken with regard to the Tenant Improvements. Except as otherwise provided in this Work Letter, within three (3) Business Days of receipt of any requested approval of any item or document, Landlord’s Representative shall approve or disapprove (with sufficient detail) any such request, unless the scope of Tenant's request is such that Landlord’s Representative cannot, using commercially reasonable efforts, complete the required modifications within three (3) Business Days, in which case such three (3) Business Day period shall be extended for such period after Landlord receives the request as is reasonably necessary to respond to such request.

7. Construction Management Fee. Landlord shall employ Tarlton Properties, Inc. as the construction manager for construction of the Tenant Improvements at a fee equal to four percent (4%) of hard construction costs of the Tenant Improvements (i.e., amounts paid to any general contractor, subcontractors, vendors and suppliers of labor and materials for the construction of the Tenant Improvements). Such construction management fee shall be a cost of the Tenant Improvements and chargeable against the Tenant Improvement Allowance and Additional Allowance.

8. Miscellaneous. Landlord shall use commercially reasonable efforts to include as part of its construction contract with Contractor a clause pursuant to which Contractor shall agree to warrant against defects in the construction of the Tenant Improvements for one (1) year following Substantial Completion (the “**One Year Warranty**”). In the event of any defects in the Tenant Improvements, upon written notice from Tenant describing with specificity such defect, Landlord shall enforce all warranties against the Architect and/or Contractor for correction of such defects.

In the event of a conflict between the Lease (including the Work Letter) and the Approved Construction Drawings, the Approved Construction Drawings shall control.

9. Construction of the Tenant Improvements. All materials (as well as methods and processes) used in the performance of the Tenant Improvements shall be new and of good quality and conform to all reasonable standards of the Building. All of the Tenant Improvements shall be performed in a good and workmanlike manner and in accordance with any and all applicable codes, statutes, rules, regulations, ordinances and orders of any federal, state, county or municipal agency or other governmental body having jurisdiction over the Premises, and in substantial compliance with the Construction Drawings and Budget.

10. Non-chargeable construction costs. Tenant and Tenant’s contractors or agents shall not be charged for parking, exterior staging areas, non-exclusive access to freight elevators, non-exclusive access to loading docks, personnel and material costs, utilities or temporary HVAC or any other facilities or services, during design, construction, furniture installation or Tenant’s move into the Premises and Landlord shall not restrict the hours of operation of these services for Tenant’s use.

11. Tenant Delays. Any delay related to or arising from any interference by Tenant or its employees, agents or contractors with Landlord’s completion of the Tenant Improvements, or any default by Tenant under the Lease or failure to comply with the terms of this Work Letter which causes delay in the Substantial Completion of the Tenant Improvements shall constitute a “**Tenant Delay**”. Landlord shall give Tenant written notice of any claimed Tenant Delay within two (2) business days after the beginning of the delay, which notice includes a specific description of the claimed Tenant Delay. Should a Tenant Delay occur, Landlord shall not be responsible for such Tenant Delay, including without limitation, increased construction costs, increased general condition costs and other costs, the construction schedule and Tenant’s ability to conduct business or occupy the Premises and notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of Substantial Completion, the Commencement Date (as set forth in the Basic Lease Information) shall be deemed to be the date the Lease Commencement Date would have occurred if no Tenant Delay, as set forth above, had occurred.

12. Tenant Default. Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant as described in Paragraph 20 of the Lease or any default by Tenant under this Work Letter has occurred and not cured within the applicable cure period at any time on or before the Substantial Completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, at law or in equity, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance, the Additional Allowance, if any, and/or Landlord may cause Contractor to cease the construction of the Tenant Improvements (in which case, Tenant shall be responsible for any delay in the Substantial Completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Work Letter shall be suspended, until such time as such default is cured pursuant to the terms of the Lease (in which case, Tenant shall be responsible for any delay in Substantial Completion of the Premises caused by such inaction by Landlord). In addition, if the Lease is terminated prior to the Lease Commencement Date, due to a default by Tenant as described in Paragraph 20 of the Lease or under this Work Letter, in addition to any other remedies available to Landlord under the Lease, at law and/or in equity, Tenant shall pay to Landlord, as Additional Rent under the Lease, within five (5) days of receipt of a statement therefor, any and all costs incurred by Landlord (including any portion of the Tenant Improvement Allowance and Additional Allowance, if any, disbursed by Landlord) and not reimbursed or otherwise paid by Tenant through the date of such termination in connection with the Tenant Improvements to the extent planned, installed and/or constructed as of such date of termination, including, but not limited to, any costs related to the removal of all or any portion of the Tenant Improvements and restoration costs related thereto.

13. Time of the Essence in this Work Letter. Unless otherwise indicated, all references herein to a "**number of days**" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of said period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

EXHIBIT F-1

Description of Landlord Improvements

In accordance with Paragraph 13, Landlord, at Landlord's cost, shall complete the following improvements:

Three-Story tilt-wall speculative Life Science building located in Austin, TX. The project will consist of approximately 220,000 SF of conditioned shell space, with 17'-6" floor-to-floor on level one, 17'-0" floor-to-floor on level 2, and 16'-6" to the low point of the roof on level 3. The building shall include a core restroom on each floor, lobby with TPI standard finishes, three passenger elevators, one service elevator, electrical rooms, vertical MEP shafts, one recessed loading dock, & two grade level service entry overhead coiling doors. The structure shall be designed to support 125 lbs/sf, and maintain a vibration criterium of 4000 MIPS. The shell MEP systems shall provide a minimum of 1 ton of capacity per 250 square feet of building area (880 tons). The shell electrical systems shall provide a minimum of 28 watts per square foot (6.6 MW). The shell shall include an emergency generator of not less than 1MW in capacity. The shell shall include conduits for dual telecommunication providers.

EXHIBIT F-2

Preliminary Budget

EXHIBIT F-3

Preliminary Schedule

SCHEDULE 1

Final Space Plan

EXHIBIT G

Hazardous Materials Disclosure Certificate

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is made as of August 29, 2025, by and between Tarlton-Reger Owner, LLC, a Delaware limited liability company ("Landlord"), and BILLIONTOONE, INC., a Delaware corporation ("Tenant").

RECITALS

WHEREAS, Landlord (as successor-in-interest to TPI INVESTORS 21, LLC, a California limited liability company), and Tenant are parties to that certain Lease dated April 19, 2024 (the "Lease"), with respect to certain premises to be located within a three story building to be constructed by Landlord (the "Building") containing approximately 219,675 rentable square feet (the "Premises").

WHEREAS, Landlord and Tenant desire to amend the Lease to extend the Outside Delivery Date and modify other provisions of the Lease, all as more particularly set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree that the Lease is amended as follows:

1. <u>Defined Terms.</u> Capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

2. <u>Outside Delivery Date.</u> The second to last sentence of Paragraph 2(a) of the Lease is hereby deleted in its entirety and replaced with the following language,

> "Notwithstanding anything to the contrary, if the Commencement Date does not occur on or before September 30, 2027 (the "Outside Delivery Date"), the Monthly Base Rent shall abate one day for every day between the Outside Delivery Date and the Commencement Date to the extent not caused by any Tenant Delays or force majeure delays (as defined in Paragraph 20(e))."

3. <u>Abated Rent.</u> Paragraph 4(a) of the Lease is hereby amended to provide that, subject to Paragraph 22(f) of the Lease, in addition to the Abated Base Rent during the Base Rent Abatement Period in the total amount of $9,193,398.75, Landlord shall abate Tenant's obligation to pay Monthly Base Rent with respect to the entire Premises for the tenth (10th) month through and including the twelfth (12th) month following the Commencement Date (the "Additional Base Rent Abatement Period") in the total amount of $3,064,466.25 (the "Additional Abated Base Rent"). During the Additional Base Rent Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under the Lease, relative to Tenant's use and occupancy of the Premises, including Tenant's Pro Rata Share of Operating Expenses and Taxes as set forth in the Lease.

4. Security Deposit. Landlord is currently holding a Security Deposit in the amount of $2,042,977.50 under the Lease. Paragraph 7(b)(i) of the Lease is hereby deleted in its entirely and replaced with the following language,

> "(i) The amount of the Security Deposit shall be increased to $4,085,955.00 upon the later of May 1, 2026 or Landlord's commencement of the construction of the Tenant Improvements, and Tenant shall deposit the amount necessary to bring the Security Deposit held by Landlord up to such amount within five (5) days after the later of May 1, 2026 or Landlord's notice to Tenant that construction has commenced, as applicable; and"

5. Address. The Lease is amended to provide that notices to Landlord shall be given at the following addresses:

Address of Landlord: Tarlton-Reger Owner, LLC
c/o Tarlton Properties, Inc.,
1530 O'Brien Drive, Suite C
Menlo Park, CA 94025
Attn: General Counsel

6. Brokers. Each party represents and warrants to the other party that it has not engaged any other broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Amendment, and shall indemnify, defend and hold harmless the other party against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of such party.

7. Continuing Effectiveness. The Lease, except as amended hereby, remains unamended, and, as amended hereby, remains in full force and effect.

8. Counterparts; Electric Signatures. This Amendment may be executed in any number of counterparts, each of which, when executed by a party, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. Electronic transmission signatures of any of the parties shall be deemed to be original signature in connection with the execution of this Amendment or any modification of the Lease.

9. Confidentiality. All of the terms and provisions of this Amendment and all documents and correspondence relating thereto shall be kept confidential by Tenant and the terms and provisions thereof shall not be disclosed without the prior written consent of Landlord.

10. Authorization. The parties signing on behalf of Tenant each hereby represents and warrants that such party has the capacity set forth on the signature pages hereof and has full power and authority to bind Tenant to the terms hereof.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

"LANDLORD"

Tarlton-Reger Owner, LLC,
a Delaware limited liability company

By: /s/ Elizabeth P. Krietemeyer

Print Name: Elizabeth P. Krietemeyer

Title: Authorized Person

"TENANT"

BillionToOne, Inc.,
a Delaware corporation

By: /s/ Oguzhan Atay

Print Name: Oguzhan Atay

Title: Chief Executive Officer

LEASE

BY AND BETWEEN

WHIPPLE ROAD PORTFOLIO, LLC, LANDLORD

AND

BILLIONTOONE, INC., TENANT

Union City Labs

3260 Whipple Road,

Union City, California

June 23, 2026

LEASE

Union City Labs

3260 Whipple Road

Union City, California

THIS LEASE, referred to herein as this "**Lease**," is made and entered into as of May [__,] 2026, by and between **WHIPPLE ROAD PORTFOLIO, LLC**, a Delaware limited liability company, hereafter referred to as "**Landlord**," and **BILLIONTOONE, INC**., a Delaware corporation, hereafter referred to as "**Tenant**."

RECITALS

A. Landlord is the owner of the real property located at 3180-3200, 3240, 3260, 3280A and 3280B Whipple Road, Union City, California, commonly referred to as Union City Labs, more particularly described on Exhibit "A" attached hereto and incorporated by reference herein, together with all easements and appurtenances thereto (collectively, the "**Land**") and the existing buildings thereon, containing approximately 325,053 square feet and all other improvements located thereon (collectively, the "**Improvements**"). The Land and Improvements are referred to herein collectively as the "**Property**." The Union City Labs description is attached hereto as Exhibit "B" and incorporated by reference herein, and identifies the properties that comprise Union City Labs (the "**Park**"). The building at 3260 Whipple Road is referred to herein as the "**Building**." Those areas and facilities of the Park (excluding any portion of the Building) which is for the common use of tenant or other occupants of the Property is referred to herein as the "**Common Area**." The floor plan of the Building is attached hereto as Exhibit "C" and incorporated by reference herein.

B. Landlord and Tenant wish to enter into this Lease of the Premises defined in Paragraph 1 upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Lease.

(a) Beginning on the Commencement Date (as defined in Paragraph 2(a)), Landlord hereby leases to Tenant, and Tenant leases from Landlord, at the rental rate and upon the terms and conditions set forth herein the portion of the Building to include approximately 62,659 rentable square feet and shown on the floor plan of the Building attached hereto as Exhibit "C" (the "**Premises**"), together with the right to use Tenant's share of the on-site parking spaces pursuant to Paragraph 28, and the non-exclusive right to use the common areas of the Property and the other Improvements on the Property intended for use in common by the tenants of the Property. Tenant's Pro Rata Share of the Building shall mean 93.19% (62,659/67,239).

(b) Except hereinafter provided, Landlord shall retain absolute dominion and control over the Common Area and shall operate and maintain the Common Area in good order and condition; provided, however, such exclusive right shall not materially adversely affect Tenant's access to the Premises nor shall it operate to materially adversely affect Tenant's benefit and enjoyment of the Premises for Tenant's permitted Use. Notwithstanding anything to the contrary herein, Landlord grants Tenant, its employees, invitees, licensees, and other visitors a non-exclusive license to use the Common Area for the Term hereof. Tenant acknowledges that, without advance notice to Tenant, and without any liability to Tenant in any respect, Landlord shall have the right to (provided, such right shall not materially adversely affect Tenant's access to the Premises nor shall it operate to materially adversely affect Tenant's use of the Premises for Tenant's permitted Use):

(i) Close off any of the Common Area to whatever extent required, in the opinion of Landlord, to prevent a dedication of any of the Common Area or the accrual of any rights by any person or the public to the Common Area, provided such closure does not materially deprive Tenant of the benefit and enjoyment of the Premises for its Permitted Use;

(ii) Temporarily close any of the Common Area for maintenance, alteration or improvement purposes;

(iii) Select, appoint or contract with any person for the purpose of operating and maintaining the Common Area, on such terms and conditions as Landlord deems reasonable;

(iv) Change the size, use, shape or nature of any portion of the Common Area, without incurring any liability to Tenant or entitling Tenant to any abatement of Rent;

(v) Expand any buildings (other than the Building) within the Property to cover a portion of the Common Area, convert the Common Area to a portion of other buildings within the Property, or convert any portion of any other buildings within the Property to Common Area. Upon erection of any buildings or change in Common Area, the portion of the other buildings upon which such structures have been erected will no longer be deemed to be a part of the Common Area; and

(vi) In addition to the other rights of Landlord under this Lease, Landlord reserves to itself and its respective successors and assigns the right to: (i) change the street address and/or name of the Building and/or Property; (ii) grant to anyone the exclusive right to conduct any particular business or undertaking in the Property; (iii) grant to anyone the exclusive use of portions of any storage areas to tenants; (iv) control the use of the roof and exterior walls of the Building or other buildings in the Property; provided, however, if such proposed use of the roof would materially adversely affect Tenant's use of the Premises for Tenant's permitted Use, then Landlord shall be required to obtain Tenant's prior approval of such use; (v) change the boundary lines of the lot on which the Building stands and/or Property is located and to make other reasonable changes therein and grant other rights thereto, including, without limitation, the granting of easements, servitudes, rights of way and rights of ingress and egress and similar rights to users of adjacent parcels, utility companies, governmental agencies or other tenants; and (vii) make alterations, repairs or replacements within other premises within the Property. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction or disturbance or interruption of the business of Tenant or Tenant's use or occupancy of the Premises.

2. Term.

(a) The term of this Lease (the "**Term**") shall commence on the later of (i) sixty (60) days following the date Landlord first provides Tenant access to the Premises pursuant to Paragraph 3 below, and (ii) the earlier of (A) the date that Landlord delivers the Premises to Tenant with the Tenant Improvements Substantially Completed (as defined in the Work Letter attached hereto as Exhibit "F") (the "**Commencement Date**"), and (B) the date such work would have been Substantially Completed but for the occurrence of Tenant Delays (as defined in the Work Letter). The Commencement Date is targeted to occur on August 1, 2027. Upon the Commencement Date, the Premises shall be in good condition and in compliance with the ADA with the existing Building systems serving the Premises in good working condition, including the roof in watertight condition, HVAC, mechanical, electrical, plumbing in good working condition and operable. Tenant hereby agrees that the Premises is in satisfactory operating order, condition and repair, subject to Landlord's obligations relating to the Tenant Improvements and that, except as otherwise expressly set forth in this Lease, there are no representations or warranties of any kind, express or implied, by Landlord regarding the Premises, the Building or the Park. The Commencement Date shall be confirmed in writing by Landlord and Tenant by the execution and delivery of the Commencement Memorandum in the form attached hereto as Exhibit "D".

(b) The Term of this Lease shall expire, unless sooner terminated in accordance with the provisions hereof or as permitted by law, on the last day of the one hundred forty-fourth (144th) full calendar month after the Commencement Date.

(c) Extension Option. Tenant shall have one (1) option to extend the Term of this Lease ("**Extension Option**") for an additional period of ten (10) years ("**Extended Term**") by giving Landlord written notice of such election ("**Option Exercise Notice**") not earlier than twelve (12) months nor later than nine (9) months prior to the Expiration Date. If Tenant does not timely deliver the Option Exercise Notice, Tenant's right to exercise the Extension Option shall terminate. Tenant shall have no right to exercise the Extension Option notwithstanding any provision in the grant to the contrary if Tenant does not occupy at least fifty percent (50%) of the Premises or is in default of this Lease after expiration of any applicable notice and cure period. The Extension Option may be exercised by the originally-named tenant or a Permitted Transferee that has taken an assignment of this Lease and may not be exercised or assigned, voluntarily or involuntarily, by or to any person or entity or exercised for the occupancy of any other person or entity. The Extended Term shall be on the same terms and conditions as contained in this Lease except that (i) there shall be no further right to extend the Lease beyond the Extended Term, (ii) there shall be no obligation to pre-pay monthly base rent, initial rent concessions or abatements or obligation of Landlord to construct tenant improvements or pay a tenant improvement allowance, and (iii) Monthly Base Rent during the Extended Term shall equal to the Fair Market Rental Rate determined in accordance with this Paragraph.

As used herein, the term "**Fair Market Rental Rate**" means the rental rate that Landlord could obtain during the Extended Term from a third party desiring to lease the Premises, based upon the permitted Use, by rents then being obtained for new leases of space comparable in age, build-out and quality to the Premises in the locality of the Premises.

If Tenant delivers the Option Exercise Notice, Landlord shall, within thirty (30) days of receipt thereof, send Tenant a written notice setting forth the Fair Market Rental Rate for the Extended Term. If Tenant disputes Landlord's determination, Tenant shall, within thirty (30) days of Landlord's notice setting forth Landlord's determination of the Fair Market Rental Rate, send to Landlord a notice stating that Tenant disagrees with Landlord's determination and elects to resolve the disagreement as set forth herein. If Tenant does not send Landlord a notice as provided in the previous sentence, Landlord's determination of Fair Market Rental Rate shall be the Monthly Base Rent payable by Tenant during the Extended Term. If Tenant elects to resolve the disagreement as provided below and such procedures are not concluded prior to the commencement date of the Extended Term, Tenant shall pay to Landlord as Monthly Base Rent the Fair Market Rental Rate set forth in Landlord's notice. If the Fair Market Rental Rate as finally determined pursuant to the provisions set forth below is greater than Landlord's determination, Tenant shall pay Landlord the difference between the amount paid by Tenant and the Fair Market Rental Rate as so determined within thirty (30) days after said determination. If the Fair Market Rental Rate as finally determined is less than Landlord's determination, the difference between the amount paid by Tenant and the Fair Market Rental Rate as so determined shall be credited against the next installments of Monthly Base Rent due from Tenant to Landlord hereunder.

Any disagreement regarding the Fair Market Rental Rate shall be resolved as follows:

(i) If within thirty (30) days of Tenant's notice of disagreement with Landlord's determination of Fair Market Rental Rate, Landlord and Tenant cannot reach agreement as to Fair Market Rental Rate, Landlord and Tenant shall each select one appraiser to determine the Fair Market Rental Rate. Each such appraiser shall arrive at a determination of the Fair Market Rental Rate and submit their conclusions to Landlord and Tenant within sixty (60) days of Tenant's notice of disagreement of Landlord's determination of the Fair Market Rental Rate.

(ii) If only one appraisal is submitted within the requisite time period, it shall be deemed as the Fair Market Rental Rate. If both appraisals are submitted within such time period and the two appraisals so submitted differ by less than ten percent (10%), the average of the two shall be deemed as the Fair Market Rental Rate. If the two appraisals differ by more than ten percent (10%), the appraisers shall immediately select a third appraiser who shall, within fifteen (15) days after his/her selection, determine which of the two appraisals most closely represents the Fair Market Rental Rate.

(iii) All appraisers specified pursuant to this Paragraph shall be either members of the American Institute of Real Estate Appraisers or a licensed California Real Estate Broker with not less than ten (10) years' experience appraising office properties in the immediate geographic area of the Building. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser. The "immediate geographic area of the Building" shall mean the city of Union City.

3. Early Access. Landlord shall permit Tenant may enter the Premises on the date Landlord reasonably determined to be sixty (60) days prior to the Commencement Date (the "**Early Access Period**") for the sole purpose of inspecting the Premises and installing wiring, cabling, furniture, fixture, equipment (including IT infrastructure), improvements, tenant art, and acoustic treatments ("**Early Entry**"); provided that such Early Entry is conducted in a manner as to not interfere with Landlord's Substantial Completion of the Tenant Improvements (as defined in Exhibit "F", the "**Work Letter**") or the Landlord Improvements (defined in Paragraph 13(a) below), or the inspections of the Tenant Improvements or the Landlord Improvements by the City of Union City (the "**City**"). If Tenant's Early Entry interferes with Landlord's Substantial Completion of the Tenant Improvements or the Landlord Improvements, or the City's approvals or inspection of the Tenant Improvements in the Premises, such delay that results shall be a Tenant's Delay and Landlord may terminate Tenant's Early Entry. Such Early Entry shall at Tenant's sole risk and subject to all of the terms and conditions contained in this Lease (other than the payment of Monthly Base Rent and Tenant's Pro Rata Share of the Operating Expenses), including without limitation, Tenant's prior delivery to Landlord of insurance certificates evidencing that Tenant has obtained the insurance required pursuant to this Lease, if

not already provided. Tenant shall not conduct its business in the Premises at any time during the Early Access Period. In addition to the foregoing, Landlord shall have the right to impose such reasonable additional conditions on Tenant's Early Entry as Landlord shall reasonably deem appropriate.

4. Monthly Base Rent.

(a) Commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the end of the Term, Tenant shall pay to Landlord in monthly installments in advance the Monthly Base Rent for the Premises in lawful money of the United States as follows:

Months	Square Feet	$/SF/Mo./NNN	Monthly Base Rent
1-12*	62,659	$4.85	$303,896.15
13-24	62,659	$4.85	$303,896.15
25-36	62,659	$5.00	$313,295.00
37-48	62,659	$5.15	$322,693.85
49-60	62,659	$5.30	$332,092.70
61-72	62,659	$5.46	$342,118.14
73-84	62,659	$5.62	$352,143.58
85-96	62,659	$5.79	$362,795.61
97-108	62,659	$5.96	$373,447.64
109-120	62,659	$6.14	$384,726.26
121-132	62,659	$6.32	$396,004.88
133-144	62,659	$6.51	$407,910.09

Subject to Paragraph 22(d) of this Lease, Landlord shall abate a portion of Tenant’s obligation to pay Monthly Base Rent with respect to the entire Premises for the first (1st) month through and including the twelve (12th) month following the Commencement Date (the “**Rent Abatement Period**”) in accordance with the schedule set forth above. During the Rent Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under the Lease, relative to Tenant’s use and occupancy of the Premises, including Tenant’s Pro Rata Share of the Building and the Park as set forth in the Lease. Notwithstanding the foregoing or anything to the contrary set forth in this Lease, at any time during the Rent Abatement Period, Landlord shall have the right (but not the obligation), in its sole and absolute discretion, to pay Tenant the total amount of the then remaining portion of the abated Monthly

Base Rent amount, in which event (i) Tenant's obligation to pay Monthly Base Rent shall automatically be reinstated for the remainder of the Rent Abatement Period covered by Landlord's lump sum payment, at the then-applicable amounts and otherwise in accordance with the terms of this Lease, and (ii) Tenant shall not be entitled to any additional rent abatement under this Paragraph 4(a) of the Lease.

Upon the execution and delivery of this Lease by Tenant, Tenant shall pay to Landlord (1) the cash sum of Three Hundred Three Thousand Eight Hundred Ninety-Six and 15/100 Dollars ($303,896.15) representing the installment of Monthly Base Rent due for the thirteenth (13th) month following the Commencement Date. If the Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid rent shall be credited to the partial thirteenth (13th) calendar month of the term and partially to the following month’s rent. Thereafter, Monthly Base Rent shall be paid monthly in advance on the first day of each calendar month. Tenant shall also pay to Landlord upon execution and delivery of this Lease, the amount of One Hundred Five Thousand Eight Hundred Ninety-Three and 71/100 ($105,893.71), which amount shall be applied to the Additional Rent (as hereinafter defined) for the first calendar month of the Term; provided, however for clarity, such foregoing amount does not include Tenant’s fees for utilities which shall be paid by Tenant commencing on the Commencement Date in accordance Paragraphs 5 and 15 of this Lease. Tenant shall also pay to Landlord upon the execution and delivery of this Lease the additional amount of Four Hundred Seven Thousand Nine Hundred Ten and 09/100 Dollars ($407,910.09) representing the Security Deposit (as defined in Paragraph 7 below).

5. Additional Rent; Operating Expenses and Taxes.

(a) In addition to the Monthly Base Rent payable by Tenant pursuant to Paragraph 4, commencing on the Commencement Date Tenant shall pay to Landlord, as “**Additional Rent**,” (1) Tenant’s Pro Rata Share of the Operating Expenses of the Building shall be 93.19%; (2) Tenant’s Pro Rata share of the Operating Expenses for Union City Labs of which the Property is a part (the “**Park Expenses**”) shall be 19.28%; and (3) Tenant’s Pro Rata Share of the Taxes (as defined in Paragraph 5(c) below) is 19.28%. Tenant’s Pro Rata share of the Operating Expenses of Park Expenses is based upon the ratio of the number of square feet of the Land allocable to the Property to the total number of square feet of land in Union City Labs. The Park Expenses, of which the Property is a part, currently include, but is not limited to, maintenance of the common areas of Union City Labs, parking lot lighting (cost of electricity and maintenance of the fixtures), maintenance of the network conduit, all landscape maintenance and irrigation of the Union City Labs, Landlord’s insurance coverages of Union City Labs, and security patrol. The Park Expenses may include other commercially reasonable and customary items from time to time during the term of this Lease. Monthly Base Rent and Additional Rent are referred to herein collectively as “rent.”

(b) “Operating Expenses,” as used herein, shall include all costs incurred by Landlord in the ownership, management, operation, administration (including concierge services) maintenance, repair and replacement of the Property, including the cost of all maintenance, repairs, and restoration of the Property performed by Landlord pursuant to Paragraphs 14(b) and 14(c) hereof, including, but not limited to:

Personal property taxes related to the Premises; any parking taxes or parking levies imposed on the Premises in the future by any governmental agency; a management fee (including administration fees) charged for the management and operation of Union City Labs, in an amount equal to three percent (3%) of the total gross income received by Landlord from the Tenant (including Monthly Base Rent and Additional Rent), and not just Tenant's Pro Rata Share of this fee; water and sewer charges; waste disposal; insurance premiums for insurance coverages maintained by Landlord pursuant to Paragraph 11(b) hereof; license, permit, and inspection fees; charges for electricity, heating, air conditioning, gas, and any other utilities (including, without limitation, any temporary or permanent utility surcharge or other exaction); security; maintenance, repair, and replacement of the roof membrane; painting and repairing, interior and exterior; maintenance and replacement of floor and window coverings; repair, maintenance, and replacement of air-conditioning, heating, mechanical and electrical systems, elevators, plumbing and sewage systems; janitorial service; landscaping, gardening, and tree trimming; glazing; repair, maintenance, cleaning, sweeping, striping, and resurfacing of the parking area; exterior Building lighting and parking lot lighting; supplies, materials, equipment and tools in the maintenance of the Property; costs for accounting services incurred in the calculation of Operating Expenses and Taxes; and the cost of any capital expenditures for any (a) new improvements or changes to the Building, Common Area, and Park which are (i) required by laws, ordinances, or other governmental regulations adopted or effective after the Commencement Date, (ii) for costs to construct or install any amenities for all tenants (including, without limitation, a café) or (iii) for any items or capital expenditures voluntarily made by Landlord which are intended to reduce Operating Expenses (including, without limitation, utility costs) or (iv) for life/safety reasons; and (b) capital repairs and replacements required to maintain the Property in good condition (collectively, the "**Permitted Capital Costs**"), provided, except for capital expenses required because of Tenant's specific use of the Property, if Landlord is required to or voluntarily incurs any capital expenses, Landlord shall amortize such expenses over the useful life of the capital repairs, replacements or improvements as reasonably determined by Landlord (together with interest on the unamortized balance at the rate equal to the effective rate of interest on Landlord's bank line of credit at the time of completion of said repairs, replacements or improvements) as an Operating Expense, except that with respect to item (a)(iii) of the Permitted Capital Costs made to save Operating Expenses such amortization shall not be at a rate greater than the actual savings in Operating Expenses. Operating Expenses shall also include any other expense or charge, whether or not described herein but which is not specifically excluded by other provisions of this Lease, which would be considered an expense of managing, operating, maintaining, and repairing the Property. Notwithstanding anything to the contrary, any earthquake insurance deductible in excess of One Hundred Thousand Dollars ($100,000) shall be amortized over the remainder of the Term.

(c) Real property taxes and assessments upon the Property, during each lease year or partial lease year during the term of this Lease are referred to herein as "**Taxes**."

As used herein, Taxes shall mean:

(1) all real estate taxes, assessments, charges and any other taxes which are levied or assessed against the Property including the Land, the Building, and all improvements located thereon, including any increase in Taxes resulting from a reassessment following any transfer of ownership of the Property or any interest therein or following any improvements to the Property or improvements to Union City Labs which are for the benefit of all occupants of Union City Labs; and

(2) all other taxes which may be levied in lieu of real estate taxes, assessments, and other fees, charges, and levies, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature by any authority having the direct or indirect power to tax, including without limitation any governmental authority or any improvement or other district or division thereof, for public improvements, services, or benefits which are assessed, levied, confirmed, imposed, or become a lien (1) upon the Property, and/or any legal or equitable interest of Landlord in any part thereof; or (2) upon this transaction or any document to which Tenant is a party creating or transferring any interest in the Property; and (3) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any tax previously included within the definition of Taxes or any tax the nature of which was previously included in the definition Taxes.

Not included within the definition of Taxes are any net income, profits, transfer, franchise, estate, gift, rental income, inheritance taxes imposed by any governmental authority, or any taxes paid by Tenant under Paragraph 10 below. Taxes also shall not include penalties or interest charges assessed on delinquent Taxes as a result of Landlord's failure to pay Taxes when due.

With respect to any assessments which may be levied against or upon the Property, which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, only the amount of such annual installment (with appropriate proration of any partial year) and statutory interest shall be included within the computation of the annual Taxes levied against the Property.

(d) The following costs ("**Costs**") shall be excluded from the definition of Operating Expenses:

(1) Costs for which Landlord receives reimbursement from others, including reimbursement from insurance;

(2) Interest, charges and fees incurred on debt or payments on any deed of trust or ground lease on the Property or Union City Labs;

(3) Costs incurred in repairing, maintaining or replacing any structural elements of the Building for which Landlord is responsible pursuant to Paragraph 14(a) hereof and for any other buildings in the Property;

(4) Any wages, bonuses or other compensation of employees above the grade of building manager and any executive salary of any officer or employee of Landlord and any employees performing services not in connection with the management, operation, repair or maintenance of the Property or Union City Labs, or any fee, profit or compensation retained by Landlord or its affiliates for management and administration of the Property in excess of the management fee referred to in Paragraph 5(b) of this Lease;

(5) General office overhead and general and administrative expenses of Landlord except as specifically provided herein;

(6) Leasing expenses, legal fees, advertising costs, tenant improvement costs and broker commissions payable by Landlord in connection with the leasing of space to tenants of the Property;

(7) Costs and expenses which would be capitalized under generally accepted accounting principles, except for Permitted Capital Costs;

(8) The cost of special services, goods, or material provided to any other tenant of the Property and not provided to Tenant;

(9) Repairs for which Landlord is reimbursed by proceeds of insurance or from funds provided by Tenant or any other tenant of the Property (or where any other tenant of the Property is obligated to make such repairs or pay the cost of same);

(10) Repairs, alterations, additions, improvements, or replacements needed to rectify or correct any defects in the Building or Property or common areas existing on the Commencement Date;

(11) Damage or repairs necessitated by the negligence or willful misconduct of Landlord, Landlord's employees, contractors, or agents;

(12) Legal fees, accountants' fees, and other expenses incurred in connection with disputes of tenants or other occupants of the Property or associated with the enforcement of the terms of any leases with tenants or the defense of Landlord's title to or interest in the Property or any part thereof;

(13) Cost incurred due to a violation by Landlord or any other tenant of the Property of the terms and conditions of a lease;

(14) Costs of any renovation, improvement, painting or redecorating of any portion of the Property or the Union City Labs not part of the Common Area or made available for Tenant's use and/or benefit;

(15) Costs incurred in connection with the presence of any Hazardous Materials on the Property or on other property in the Union City Labs that do not arise from or are not related to the intentional or negligent act or omission of Tenant or Tenant's representatives;

(16) Expense reserves;

(17) Costs and expenses relating solely to another building or to the interior portions of any other building or other structures except the Building (excluding, however, such costs and expenses relating to interior portions of such other building or structures that are used as Common Areas); and

(18) Repairs or maintenance of areas of the Union City Labs leasable exclusively to other tenants;

(19) Costs associated with any Green Energy Programs (as defined below) except to the extent considered a Permitted Capital Cost pursuant to <u>Paragraph 5(b)</u> above; and

(20) Any costs incurred to make any alterations or improvements to the Property necessary for any certification as "green" or sustainable, or other similar certifications, and any costs for such certification except the extent resulting in a reduction in Operating Expenses or Park Expenses or considered a Permitted Capital Cost pursuant to <u>Paragraph 5(b)</u> above.

Landlord shall at all times use its best efforts to operate the Property in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable premises in the market area in which the Property is located.

(e) Prior to the execution of this Lease, Landlord has delivered to Tenant Landlord's estimate of 2026 Operating Expenses, Taxes and Park Expenses. Throughout the term of this Lease, as close as reasonably possible after the end of each calendar year thereafter but no later than April 1 of the following year, Landlord shall notify Tenant of the Operating Expenses, Taxes and Park Expenses estimated by Landlord for each following calendar year. Concurrently with such notice, Landlord shall provide a description of such Operating Expenses, Taxes and Park Expenses. Commencing on the Commencement Date, and on the first (1^{st}) day of each calendar month thereafter, Tenant shall pay to Landlord, as Additional Rent, one-twelfth ($1/12^{th}$) of the estimated Operating Expenses, Taxes and Park Expenses; provided, that the pre-paid Additional Rent (see Paragraph 4) shall be credited toward the payment due on the Commencement Date, and if the Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid Additional Rent shall be credited to the partial first calendar month of the term and partially to the following month's Additional Rent payment. If at any time during any such calendar year, it appears to Landlord that the Operating Expenses, Taxes and Park Expenses for such year will vary from Landlord's estimate, Landlord may, by written notice to Tenant, revise Landlord's estimate for such year and the Additional Rent payments by Tenant for such year shall thereafter be based upon such revised estimate. Landlord shall furnish to Tenant with such revised estimate written verification showing that the actual Operating Expenses, Taxes and Park Expenses are greater than or equal to Landlord's estimate. The increase in the monthly installments of Additional Rent resulting from Landlord's revised estimate shall not be retroactive, but the Additional Rent for each calendar year shall be subject to adjustment between Landlord and Tenant after the close of the calendar year, as provided below.

Within approximately one hundred twenty (120) days after the expiration of each calendar year of the term, Landlord shall furnish Tenant a statement certified by a responsible employee or agent of Landlord (the "**Operating Statement**") with respect to such year, prepared by an employee or agent of Landlord, showing the actual Operating Expenses, Taxes and Park Expenses for such year broken down by component expenses, and the total payments made by Tenant for such year on the basis of any previous estimate of such Operating Expenses, Taxes and Park Expenses, all in sufficient detail for verification by Tenant. Unless Tenant raises any objections to the Operating Statement within ninety (90) days after receipt of the same, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Operating Expenses and/or Taxes and/or Park Expenses. Upon giving Landlord five (5) days advance written notice, Tenant's certified public accountant shall have the right to inspect and audit Landlord's books and records with respect to the Operating Statement in an office of Landlord, or Landlord's agent, during normal business hours, once each calendar year to verify actual Operating Expenses and Taxes. Tenant's accountant or accounting firm shall be one of national standing and retained on an hourly rate basis or based upon a fixed fee and shall not be paid on a contingency basis. Landlord's books and records shall be kept in accord with generally accepted accounting principles. If Tenant's audit of the Operating Expenses, Taxes and Park Expenses for any year reveals a net overcharge of more than five percent (5%), Landlord shall promptly reimburse Tenant for the cost of the audit; otherwise, Tenant shall bear the cost of Tenant's audit. If Tenant reasonably objects to Landlord's Operating Statement, Tenant shall nonetheless continue to pay on a monthly basis the Operating Expenses, Taxes and Operating Expenses based upon the Landlord's most current estimate until such dispute is resolved.

If Tenant's Pro Rata Share of the Operating Expenses and Taxes and Tenant's pro rata share of Park Expenses for any year as finally determined exceed the total payments made by Tenant for such year based on Landlord's estimates, Tenant shall pay to Landlord the deficiency, within thirty (30) days after the receipt of Landlord's Operating Statement. If the total payments made by Tenant based on Landlord's estimate of the Operating Expenses and/or Taxes and/or Park Expenses exceed the Tenant's Pro Rata Share of Operating Expenses and/or Taxes and/or Tenant's pro rata share of Park Expenses, Tenant's extra payment, plus the cost of an audit which is the responsibility of Landlord as set forth herein, if any, shall be credited against payments of Monthly Base Rent and Additional Rent next due hereunder or returned within thirty (30) days if the term has expired or this Lease has been terminated.

Notwithstanding the expiration or termination of this Lease, within thirty (30) days after Tenant's receipt of Landlord's Operating Statement or the completion of Tenant's audit regarding the Operating Expenses and/or Taxes and/or Park Expenses for the calendar year in which this Lease terminates, Tenant shall pay to Landlord or shall receive from Landlord, as the case may be, an amount equal to the difference between the Operating Expenses and/or Taxes and/or Park Expenses, as finally determined, and the amount previously paid by Tenant on account thereof (prorated to the expiration date or the termination date of this Lease).

6. Payment of Rent.

(a) All rent shall be due and payable in lawful money of the United States of America at the address of Landlord set forth below Landlord's signature without deduction or offset and without prior demand or notice, unless otherwise specified herein. Monthly Base Rent and Additional Rent shall be payable monthly, in advance, on the first day of each month. Additional Rent shall be payable monthly, in advance, on the first day of each month for the entire Premises for the entire term of his Lease. Tenant's obligation to pay rent for any partial month at the commencement of the term, for any partial month immediately prior to a rental adjustment date (if the rental adjustment date is other than the first day of the calendar month), and for any partial month at the expiration or termination of the term shall be based upon the number of days in such month.

(b) If any installment of Monthly Base Rent, Additional Rent or any other sum due from Tenant is not received by Landlord within five (5) days after the same is due, Tenant shall pay to Landlord an additional sum equal to five percent (5%) of the amount overdue as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount. Any amount not paid within ten (10) days after Tenant's receipt of written notice that such amount is due shall bear interest from the date due until paid at the lesser rate of (1) the prime rate of interest as published in the "Wall Street Journal," plus two percent (2%) or (2) the maximum rate allowed by law (the "Interest Rate"), in addition to the late payment charge.

Initials: Landlord EK Tenant OA

7. Security Deposit.

Tenant shall deposit with Landlord upon execution hereof the sum of Four Hundred Seven Thousand Nine Hundred Ten and 09/100 Dollars ($407,910.09) (the "**Security Deposit**"), as security for Tenant's faithful performance of Tenant's obligations under this Lease. If Tenant fails to pay Monthly Base Rent or Additional Rent or charges due hereunder within applicable notice and cure periods, or otherwise defaults under this Lease (as defined in Paragraph 22), Landlord may use, apply or retain all or any portion of said Security Deposit to the extent reasonably necessary to cure the default, for the payment of any amount due Landlord, and to reimburse or compensate Landlord for any liability, cost, expense, loss or damage (including reasonable attorneys' fees) which Landlord may suffer or incur by reason thereof. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written request therefor deposit with Landlord the amount sufficient to restore the Security Deposit to the original amount required by this Lease. Landlord shall not be required to keep all or any part of the Security Deposit separate from its general accounts. In no event or circumstance shall Tenant have the right to any use of the Security Deposit and, specifically, Tenant may not use the Security Deposit as a credit or to otherwise offset any payments required hereunder, including, but not limited to, rent or any portion thereof. Tenant waives (i) California Civil Code Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("**Security Deposit Laws**"), and (ii) any and all rights, duties and obligations either party may now has, or in the future will have, relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may be retained and applied by Landlord (a) to offset rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Landlord before or after termination of this Lease. No part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any moneys to be paid by Tenant under this Lease.

8. Use. Tenant may only use and occupy the Premises for office, laboratory (including but not limited to CLIA laboratories), research and development, manufacture and development of pharmaceutical and biotechnology products and ancillary administrative uses directly related thereto to the extent permitted by applicable zoning ordinances, the covenants, conditions, and restrictions for Union City Labs and which are approved by Landlord in writing, and for no other use or purpose without Landlord's prior written consent; provided, that the use of the Premises for the manufacture of integrated circuits is expressly prohibited. Any use of the Premises by Tenant or by any sublessee or assignee approved by Landlord pursuant to Paragraph 17 shall comply with the provisions of this Paragraph 8.

9. Hazardous Materials.

(a) The term "**Hazardous Materials**" as used in this Lease shall include any substance defined or regulated as radioactive, flammable, toxic, a biohazard, medical waste, "hazardous material", "extremely hazardous material", "hazardous waste", "hazardous substance," "toxic substance," "industrial process waste," or "special waste" in any Environmental Laws as hereafter defined. Hazardous Materials shall include, but not be limited to, petroleum, gasoline, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, and/or crude oil or any products, by-products or fractions thereof.

(b) Tenant shall not engage in any activity in or on the Premises or the Property without the express prior written consent of Landlord, as provided below and timely compliance (at Tenant's expense) with all Environmental Laws. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of Hazardous Materials that require a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises or the Property of Hazardous Materials with respect to which any Environmental Law requires that a notice be given to persons entering or occupying the Premises, or the Property, or neighboring properties. Notwithstanding the foregoing, Tenant may use the Hazardous Materials on the Premises that are listed on Exhibit "E" attached hereto and incorporated by reference herein, and any ordinary and customary office supplies and cleaning materials so long as such use is in compliance with all Environmental Laws, and does not expose the Premises, or the Property, or neighboring property to any unusual or atypical risk of contamination or damage or expose Landlord to any liability therefor. If Tenant's use of Hazardous Materials changes during the Term of this Lease, Tenant shall complete, execute, and deliver to Landlord, a Hazardous Materials Disclosure Certificate ("**HazMat Certificate**"), a copy of which is attached as Exhibit "G", attached hereto and incorporated by reference herein, describing Tenant's present use of the Hazardous Materials on the Premises, and any other reasonably necessary documents as requested by Landlord. The HazMat Certificate required hereunder shall be in substantially the form as that which is attached hereto as Exhibit "G". Landlord's consent may be withheld in Landlord's sole and absolute discretion with respect to any changes to the types and/or quantities of Hazardous Materials specified in the most recent HazMat Certificate; provided, however, Landlord's consent shall not be unreasonably withheld with respect to any types and/or quantities of Hazardous Materials as adjusted on a square footage basis that Landlord has approved for use by any other tenant in Union City Labs or has been approved for use by tenants engaged in clinical laboratory uses in other similarly situated development projects in the Bay Area with respect to such proposed types of Hazardous Materials in the same quantity proposed by Tenant (adjusted on a square footage basis) provided that Tenant complies with any requirements satisfied by such other tenants in connection with such use and any requirements under Environmental Laws. In addition, Landlord may condition its consent to any Reportable Use upon receiving such additional assurances as Landlord reasonably deems necessary to protect itself, the public, the Premises and the Property, and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of any protective modifications installed by Tenant (such as concrete encasements).

(c) "**Environmental Laws**" shall mean and include any Federal, State, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, element, compound, mixture or material, as now or at any time hereafter in effect including, without limitation, California Health and Safety Code §§25100 et seq., §§25300 et seq., Sections 25281(f) and 25501 of the California Health and Safety Code, Section 13050 of the Water Code, the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§9601 et seq. ("**CERCLA**"), the Superfund Amendments and Reauthorization Act, 42 U.S.C. §§9601 et seq., the Federal Toxic Substances Control Act, 15 U.S.C. §§2601 et seq., the Federal Resource Conservation and Recovery Act as amended, 42 U.S.C. §§6901 et seq., the Federal Hazardous Material Transportation Act, 49 U.S.C. §§1801 et seq., the Federal Clean Air Act, 42 U.S.C. §7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the River and Harbors Act of 1899, 33 U.S.C. §§401 et seq., and all rules and regulations of the EPA, the California Environmental Protection Agency, or any other state or federal department, board or any other agency or governmental board or entity having jurisdiction over the environment, as any of the foregoing have been, or are hereafter amended.

(d) If Tenant knows, or has reasonable cause to believe, that Hazardous Materials have come to be located in, on, under or about the Premises or the Property that constitutes a Reportable Use, other than as previously consented to by Landlord, Tenant shall immediately give written notice of such fact to Landlord and provide Landlord with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Materials.

(e) Tenant and Tenant's agents, employees, and contractors shall not cause any Hazardous Materials to be discharged or released into the Building or into the plumbing or sewage system of the Building or into or onto the Land underlying or adjacent to the Building in violation of any Environmental Laws. Tenant shall promptly, at Tenant's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination in violation of Environmental Laws or the terms of this Lease caused by Tenant or caused by any of Tenant's employees, agents, or contractors, and for the maintenance, security and/or monitoring of the Premises, the Property, or neighboring properties if such contamination is caused by a release or emission of any Hazardous Materials by Tenant or by any of Tenant's employees, agents, or contractors.

(f) Tenant shall indemnify, defend and hold Landlord and its agents, employees, and lenders and the Premises and the Property harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the term of this Lease out of or involving any Hazardous Materials brought on to the Premises, the Property, or Union City Labs by or for Tenant or by anyone under Tenant's control in violation of Environmental Laws or the terms of this Lease. Tenant's obligations under this Paragraph 9(f) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, as required by Environmental Laws, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Materials, unless specifically so agreed by Landlord in writing at the time of such agreement.

(g) Notwithstanding anything to the contrary, Tenant shall have no obligation, responsibility or liability with respect to Hazardous Materials on, within, about or under the Premises prior to the earlier of the Commencement Date and any Early Entry, except to the extent disturbed or exacerbated by Tenant.

10. Taxes on Tenant's Property. Tenant shall pay before delinquency any and all taxes, assessments, license fees, and public charges levied, assessed, or imposed and which become payable during the Term and any extension thereof upon Tenant's equipment, fixtures, furniture, and personal property installed or located on the Premises.

11. Insurance.

(a) Types of Insurance: Tenant shall maintain in full force and effect at all times during the Term of this Lease, at Tenant's sole cost and expense, for the protection of Tenant and Landlord, as their interests may appear, policies of insurance issued by a carrier or carriers reasonably acceptable to Landlord and its lender(s) which afford the following coverages:

(i) Commercial general liability insurance naming the Landlord as an additional insured against any and all claims for bodily injury and property damage occurring in, or about the Premises arising out of Tenant's use and occupancy of the Premises. Such insurance shall have a combined single limit of not less than Two Million Dollars ($2,000,000) per occurrence with a Four Million Dollar ($4,000,000) aggregate limit and excess umbrella liability insurance in the amount of Five Million Dollars ($5,000,000). Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease.

(ii) Personal property insurance insuring all equipment, trade fixtures, inventory, fixtures, and personal property located on or in the Premises for perils covered by the causes of loss - special form (all risk) and in addition, coverage for earthquake sprinkler leakage, and boiler and machinery (if applicable). Such insurance shall be written on a replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement value of the aggregate of the foregoing. Any coverage not purchased by Tenant to protect its property is done at Tenant's sole risk and Landlord shall not procure any insurance or be responsible for damages to Tenant's property if Tenant decides to not purchase certain levels and types of coverage.

(iii) Business interruption and extra expense insurance in such amounts to reimburse Tenant for direct or indirect loss attributable to all perils commonly insured against by prudent Tenants or attributable to prevention of access to the Premises or the Building as result of such perils.

(iv) Workers' compensation insurance in accordance with statutory law and employers' liability insurance with a limit of not less than $1,000,000 per accident, $1,000,000 disease, policy limit and $1,000,000 disease limit each employee.

(v) Site liability pollution policy insuring the Premises, with a minimum amount limit of $1,000,000 per occurrence under an annual or multi-year policy.

(vi) Comprehensive automobile liability insurance: a combined single limit of not less than $2,000,000 per occurrence and insuring Tenant against liability for claims arising out of the ownership, maintenance, or use of any owned, hired or non-owned automobiles;

(vii) Such other insurance as required by Landlord which is consistent with the types of insurance required to be maintained by similar situated tenants, with similar use in the Union City, Newark and Fremont areas or required by Landlord's beneficiaries or mortgagees of any deed of trust or mortgage encumbering the Premises.

(b) Insurance Policies: The policies required to be maintained by Tenant shall be with companies rated A-VIII or better by A.M. Best. Insurers shall be licensed to do business in the state in which the Premises are located and domiciled in the USA. Any deductible amounts under any insurance policies required hereunder shall not exceed $25,000. Certificates of insurance including any and all endorsements required herein for all insurance maintained by Tenant shall be delivered to Landlord prior to the commencement date or prior to any early access to the Premises in accordance with Section 3 above and at least ten (10) days prior to the policy expiration date. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and to Landlord as required by this Lease. Each policy of insurance shall provide notification to Landlord at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage and at least ten (10) days for non-payment of premium.

(c) Additional Insureds and Coverage: Landlord, any property management company and/or agent of Landlord for the Premises, the Building, the Land or the Park, and any lender(s) of Landlord having a lien against the Premises, the Building, the Land or the Park shall be named as additional insureds under all of the liability policies required in Paragraph 11 above. Additionally, such policies shall provide for severability of interest. All insurance to be maintained by Tenant shall, except for workers' compensation and employer's liability insurance, be primary, without right of contribution from insurance maintained by Landlord.

Any umbrella/excess liability policy (which shall be in "following form") shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Tenant shall not limit Tenant's liability under this Lease. It is the parties' intention that the insurance to be procured and maintained by Tenant as required herein shall provide coverage for any and all damage or injury arising from or related to Tenant's operations of its business and/or Tenant's or Tenant's Representatives' use of the Premises and/or any of the areas within the Park, whether such events occur within the Premises (as described in Exhibit "A" hereto) or in any other areas of the Park. It is not contemplated or anticipated by the parties that the aforementioned risks of loss be borne by Landlord's insurance carriers, rather it is contemplated and anticipated by Landlord and Tenant that such risks of loss be borne by Tenant's insurance carriers pursuant to the insurance policies procured and maintained by Tenant as required herein.

(d) Failure of Tenant to Purchase and Maintain Insurance: In the event Tenant does not purchase the insurance required in this Lease or keep the same in full force and effect throughout the Term of this Lease (including any renewals or extensions), Landlord may, but without obligation to do so, purchase the necessary insurance and pay the premiums therefor. If Landlord so elects to purchase such insurance, Tenant shall promptly pay to Landlord as Additional Rent, the amount so paid by Landlord, upon Landlord's demand therefor. In addition, Landlord may recover from Tenant and Tenant agrees to pay, as Additional Rent, any and all reasonable expenses and damages which Landlord may sustain by reason of Tenant's failure to obtain and maintain such insurance.

(e) Landlord's Insurance: Landlord shall obtain and carry in Landlord's name, as insured, as an Operating Expense of the Property to the extent provided in Paragraph 6, during the Term, "all risk" property insurance coverage (with rental loss insurance coverage for a period of one (1) year), flood insurance, public liability and property damage insurance, and insurance against such other risks or casualties as Landlord shall reasonably determine, including, but not limited to, insurance coverages required of Landlord by the beneficiary of any deed of trust which encumbers the Premises, including earthquake insurance coverage insuring Landlord's interest in the Premises (including any other leasehold improvements to the Premises constructed by Landlord or by Tenant with Landlord's prior written approval) in an amount not less than the full replacement cost of the Building. The proceeds of any such insurance shall be payable solely to Landlord and Tenant shall have no right or interest therein. Landlord shall have no obligation to insure against loss by Tenant to Tenant's equipment, fixtures, furniture, inventory, or other personal property of Tenant in or about the Premises occurring from any cause whatsoever.

(f) Waiver of Subrogation**:** Notwithstanding anything to the contrary contained in this Lease, the parties release each other, and their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers, from any claims for damage to any person or to the Premises or the Property and to the fixtures, personal property, leasehold improvements and alterations of either Landlord or Tenant in or on the Premises or the Property, to the extent that are caused by or result from risks required by this Lease to be insured against (or actually insured against) under any property insurance policies carried by the parties and such policy is in force at the time of any such damage, whichever is greater. This waiver applies whether or not the loss is due to the negligent acts or omissions of Landlord or Tenant or their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers. Subject to the foregoing, this release and waiver shall be complete and total even if such loss or damage may have been caused by the negligence of the other party, its managers, members, employees, agents, contractors, property managers or invitees. The parties covenant that the insurance policies required to be maintained by each of them under this Lease will contain waiver of subrogation endorsements.

12. Indemnification.

(a) Tenant shall indemnify, defend, and hold harmless Landlord from claims, suits, actions, or liabilities for personal injury, death or for loss or damage to property that arise from (1) any activity, work, or thing done or permitted by Tenant in or about the Premises, the Property or the Park, (2) bodily injury or damage to property which arises in or about the Property to the extent the injury or damage to property results from the negligent acts or omissions of Tenant, its employees, agents or contractors, and (3) based on any event of default by Tenant in the performance of any obligation on Tenant's part to be performed under this Lease. Tenant also waives all claims against Landlord and its employees, agents and contractors for damages to property, or to goods, wares, and merchandise stored in, upon, or about the Premises or the Property, and for injuries to persons in, upon, or about the Premises or the Property from any cause arising at any time, except to the extent covered by an express indemnity provision of this Lease or caused by the active negligence or willful misconduct of Landlord or its employees, agents or contractors.

(b) In the absence of comparative or concurrent negligence on the part of Landlord, their respective agents, affiliates, and subsidiaries, or their respective officers, directors, members, employees or contractors, the foregoing indemnity by Tenant shall also include reasonable costs, expenses and attorneys' fees incurred in connection with any indemnified claim or incurred by the Landlord in successfully establishing the right to indemnity. The Tenant shall have the right to assume the defense of any claim subject to the foregoing indemnities with counsel reasonably satisfactory to the indemnitee.

The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

When the claim is caused by the joint negligence or willful misconduct of Tenant and Landlord or by the Tenant and a third party (except Tenant's agents, officers, employees or invitees), the Tenant's duty to indemnify and defend shall be proportionate to the it's allocable share of joint negligence or willful misconduct.

(c) Landlord shall not be liable to Tenant for any damage because of any act or negligence of any other occupant of the Building or any other owner or occupant of adjoining or contiguous property, nor for overflow, breakage, or leakage of water, steam, gas, or electricity from pipes, wires, or otherwise in the Premises or the Building, except to the extent caused by the gross negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors. Except as otherwise provided herein, Tenant will pay for damage to the Premises or the Property caused by the misuse or neglect of the Premises or the Property by Tenant or its employees, agents, or contractors, including, but not limited to, the breakage of glass in the Building.

13. Landlord Improvements; Tenant Improvements.

(a) Landlord, at its cost, shall cause to be constructed the base building life science warm up improvements and modifications described on Exhibit "F-1" attached hereto (the "**Landlord Improvements**").

(b) Landlord shall cause to be constructed the interior tenant improvements and modifications to the Premises described in the Work Letter (the "**Tenant Improvements**") in accordance with the Work Letter attached hereto as Exhibit "F".

14. Maintenance and Repairs; Alterations; Surrender and Restoration.

(a) Landlord shall, at Landlord's sole expense, keep in good order, condition, and repair and replace when necessary, the structural elements of the roof (excluding the roof membrane which Landlord shall maintain, but the cost of which shall be included as an Operating Expense as permitted under Paragraph 5), the structural elements of the foundation and exterior walls (except the interior faces thereof) of the Building, and other structural elements of the Building and the Property as "structural elements" are defined in building codes applicable to the Building, excluding any alterations, structural or otherwise, made by Tenant to the Building which are not approved in writing by Landlord prior to the construction or installation thereof by Tenant. Landlord shall perform and construct, and Tenant shall not be responsible for performing or constructing, any repairs, maintenance, or improvements (1) required as a result of any casualty damage, which shall be subject to Paragraph 20 below, or as a result of any taking pursuant to the exercise of the power of eminent domain, or (2) for which Landlord has a right of reimbursement from third parties based on construction or other warranties, contractor guarantees, or insurance claims.

(b) Landlord shall provide or cause to be provided and shall supervise the performance of, as an Operating Expense of the Property to the extent permitted under Paragraph 5 hereof, all services and work relating to the operation, maintenance, repair, and replacement, as needed, of the Property, including the HVAC, mechanical, electrical, and plumbing systems in the Building; the interior of the Building; the roof membrane; the outside areas of the Property; landscaping, tree trimming, resurfacing and restriping of the parking lot, repairing and maintaining the walkways; exterior building painting, exterior building lighting, parking lot lighting, and exterior security patrol. In the event Tenant provides Landlord with written notice of the need for any repairs, Landlord shall commence any such repairs promptly following receipt by Landlord of such notice and Landlord shall diligently prosecute such repairs to completion.

(c) Subject to the foregoing and except as provided elsewhere in this Lease, Tenant shall, at Tenant's sole cost and expense, at all times use, occupy and keep the Premises in a manner which keeps the Premises in as good and safe order, condition, and repair as received, reasonable wear and tear excepted. Without limiting the generality of the foregoing, Tenant shall be solely responsible for maintaining, repairing and replacing (a) all electrical wiring and equipment serving the Premises, (b) all interior lighting (including, without limitation, light bulbs and/or ballasts) and exterior lighting serving the Premises or adjacent to the Premises, (c) all glass, windows, window frames, window casements, skylights, interior and exterior doors, door frames and door closers, (d) all roll-up doors, ramps and dock equipment, including without limitation, dock bumpers, dock plates, dock seals, dock levelers and dock lights serving the Premises, (e) all tenant signage, (f) security systems within the Premises, (g) all partitions, fixtures, equipment, interior painting, and interior walls and floors of the Premises and every part thereof (including, without limitation, any demising walls contiguous to any portion of the Premises). Landlord shall execute and maintain in full force and effect throughout the term as an Operating Expense of the Property to the extent permitted under Paragraph 5 a service contract with a recognized air conditioning service company. Landlord may, if Landlord determines that it is necessary to do so, obtain on a semi-annual basis an inspection report of the HVAC system from a separate HVAC service firm designated by Landlord for the purpose of monitoring the performance of the HVAC maintenance and repair work performed by the HVAC service firm which performs the regular repair and maintenance. The cost of such inspection report shall be an Operating Expense pursuant to Paragraph 5. Subject to the release of claims and waiver of subrogation contained in Paragraphs 11(c) and 11(d), if Landlord is required to make any repairs to the Property by reason of Tenant's negligent acts or omissions, Landlord may add the cost of such repairs to the next installment of rent which shall thereafter become due, and Tenant shall promptly pay the same upon receipt of an invoice therefor.

(d) Tenant may, from time to time, at its own cost and expense and without the consent of Landlord make nonstructural alterations to the interior of the Premises which do not affect the mechanical, electrical, plumbing or other utility systems of the Building, the cost of which in any one instance is Fifty Thousand Dollars ($50,000) or less, and the aggregate cost of all such work during the Term of this Lease does not exceed Two Hundred Fifty Thousand Dollars ($250,000), provided Tenant first notifies Landlord in writing of any such nonstructural alterations (collectively, "**Cosmetic Alterations**"). Otherwise, Tenant shall not make any additional alterations, improvements, or additions to the Premises without delivering to Landlord a complete set of plans and specifications for such work, obtaining and delivering copies to Landlord of all permits or other governmental approvals required for such work and obtaining Landlord's prior written consent thereto. All alterations and additions shall be installed by a licensed contractor approved by Landlord, at Tenant's sole expense in compliance with all applicable laws, rules, regulations and ordinances. Tenant shall keep the Premises and the Property on which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant. If any nonstructural alterations to the interior of the Premises exceed Fifty Thousand Dollars ($50,0000) in cost in any one instance, or exceed the aggregate cost of Two Hundred Fifty Thousand Dollars ($250,000) during the Term of this Lease, Tenant shall employ, at Tenant's expense, Tarlton Properties, Inc. as construction manager for such alterations at a fee equal to four percent (4%) of the hard construction costs (i.e., the amounts paid to any general contractor, subcontractors, vendors, and suppliers for labor and materials for the construction of the alterations or improvements). Landlord may condition its consent to, among other things, Tenant agreeing in writing to remove any such alterations prior to the expiration of the Lease term and Tenant agreeing to restore the Premises to its condition prior to such alterations at Tenant's expense. Upon Tenant's written request, Landlord shall advise Tenant in writing at the time consent is granted (or with respect to a Cosmetic Alterations within ten (10) days from notice if requested by Tenant in such notice) whether Landlord requires Tenant to remove any alterations from the Premises prior to the expiration or sooner termination of the Lease. Tenant shall have no obligation to remove the Tenant Improvements completed pursuant to the terms of the Work Letter nor the Landlord Improvements.

All alterations, trade fixtures and personal property installed in the Premises solely at Tenant's expense shall during the term of this Lease remain Tenant's property and Tenant shall be entitled to all depreciation, amortization and other tax benefits with respect thereto (excluding the Tenant Improvements).

(e) Tenant shall, at Tenant's sole cost and expense, fully, diligently and in a timely manner, comply with all present and future "**Laws**," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, orders, covenants, permits of all governmental agencies and authorities, easements and restrictions of record, the requirements of any applicable fire insurance underwriter or rating bureau or board of fire underwriters, relating in any manner to the Premises and/or Tenant's use or occupancy of the Premises (including but not limited to matters pertaining to industrial hygiene, environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, subject to the provisions of Paragraph 9 hereof, and the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Materials (which are addressed in Paragraph 9 hereof)), now in effect or which may hereafter come into effect. Additionally, Tenant shall be solely responsible for the payment of all costs, fees and expenses associated with any modifications, improvements or alterations to the Premises, Building, the Common Areas and/or the Park occasioned by the enactment of, or changes to, any Laws arising from Tenant's particular use of the Premises or alterations, improvements or additions made to the Premises by Tenant or at Tenant's request regardless of when such Laws became effective. Tenant shall, within five (5) days after receipt of Landlord's written request, provide Landlord with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Tenant's compliance with any Laws specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Tenant or the Premises to comply with any Laws. Notwithstanding the foregoing, any structural changes or repairs or other changes or repairs to the Property of any nature which would be considered a capital expenditure under generally accepted accounting principles to the Premises shall be made by Landlord at Tenant's expense if such structural repairs or changes are required by reason of the specific nature of the use of the Premises by Tenant or due to alterations by or on behalf of Tenant. If such changes or repairs are not required by reason of the specific nature of Tenant's use of the Premises or alterations by or on behalf of Tenant and are capital expenditures, the cost of such changes or repairs shall be treated as an Operating Expense and amortized in accordance with the provisions of Paragraph 5(b). Notwithstanding anything to the contrary, Tenant shall have no liability or obligation to correct a violation of Laws, which exist in the Premises as of the Commencement Date, except to the extent expressly set forth in this Section.

(f) Subject to Paragraph 31, Landlord, Landlord's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("**Lenders**") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after at least one (1) business day prior notice to Tenant, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Laws, and Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant's activities, including but not limited to Tenant's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a violation of Laws or a contamination, caused, directly or indirectly, by Tenant, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Tenant shall upon request reimburse Landlord or Landlord's Lender, as the case may be, for the costs and expenses of such inspections.

(g) During the term of this Lease, Tenant shall comply, at Tenant's expense, with all of the covenants, conditions, and restrictions affecting the Premises which are recorded in the Official Records of Alameda County, California, and which are in effect as of the date of this Lease.

(h) Tenant shall surrender the Premises by the last day of the lease Term or any earlier termination date, with all of the improvements to the Premises, parts, and surfaces thereof clean and free of debris and in as good operating order, condition, and state of repair as received, ordinary wear and tear, casualty and condemnation excepted. Tenant's failure to surrender the Premises in accordance with the terms and conditions of this Lease, including, without limitation, this Paragraph 14(h) shall be deemed to be a material default under the Lease. "**Ordinary wear and tear**" shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Tenant performing all of its obligations under this Lease. Notwithstanding the foregoing, prior to the last day of the Term (or earlier termination of the Lease), Tenant shall (i) restore all walls in the Premises to the same condition existing immediately following completion of the Tenant Improvements and Landlord Improvements, including patching and sanding all holes to match the original texture of the walls and painting; (ii) replace any broken, chipped, stained or discolored ceiling tiles in the Premises to match the existing tiles; and (iii) vacuum and steam clean all carpets and remove all stains, or, to the extent any stains cannot be removed, then Tenant shall replace the entire carpet with the same color (if applicable) existing as of the Commencement Date. In addition to the foregoing, the obligations of Tenant shall include the repair of any damage occasioned by the installation, maintenance, or removal of Tenant's trade fixtures, furnishings, equipment, and alterations, and the restoration by Tenant of the Premises to its condition upon completion of the Tenant Improvements and Landlord Improvements (Tenant shall not be required to remove any of the Tenant Improvements nor Landlord Improvements) pursuant to Paragraph 14(d) above. Subject to the foregoing, upon the expiration or sooner termination of this Lease all alterations, fixtures and improvements to the Premises, whether made by Landlord or installed by Tenant at Tenant's expense, shall be surrendered by Tenant with the Premises and shall become the property of Landlord; provided, however, that Tenant's furniture and other personal property, not provided by or paid for by Landlord and not permanently affixed to the Premises which can be removed without materially damaging the Premises may be removed by Tenant. Tenant shall repair to Landlord's reasonable satisfaction all damage to the Premises occasioned by removal of Tenant's property. Prior to the expiration of the term of this Lease or any earlier termination date, Tenant shall, at Tenant's expense, obtain written closure reports from the Alameda County Department of Environmental Health and comply with any and all other applicable municipal, county, state and federal statutes, laws, ordinances and regulations governing and regulating any Hazardous Materials used, stored, or released by Tenant on or about the Premises ("**Hazardous Materials Authoritie**s"). Written closure reports shall provide written certification that all Hazardous Materials have been removed from the Premises and that no further action is required in connection with the closure of the Premises. Any removal and remediation of Hazardous Materials by Tenant shall be certified in writing as (1) complete and (2) having been properly performed, by the Alameda County Department of Environmental Health and any other applicable Hazardous Materials Authorities and a copy of such written certifications shall be delivered by Tenant to Landlord no later than the last day of the Term of this Lease.

(i) Tenant waives all right to make repairs at the expense of Landlord, or to deduct the costs thereof from the rent, and Tenant waives all rights under Section 1941 and 1942 of the Civil Code of the State of California.

(j) Compliance with Americans with Disabilities Act: Landlord and Tenant hereby agree and acknowledge that the Premises, the Building and/or the Park may be subject to the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq, including, but not limited to Title III thereof, all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, including all requirements of Title 24 of the State of California, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented (collectively, the "**ADA**"). Any Tenant Improvements to be constructed hereunder shall be in compliance with the requirements of the ADA, and all costs incurred for purposes of compliance therewith shall be a part of and included in the costs of the Tenant Improvements. Tenant shall be solely responsible for conducting its own independent investigation of this matter and for ensuring that the design of all Tenant Improvements strictly comply with all requirements of the ADA. Subject to reimbursement pursuant to Paragraph 6 of the Lease, if any barrier removal work or other work is required to the Building, the Common Areas or the Park under the ADA, then such work shall be the responsibility of Landlord; provided, if such work is required under the ADA as a result of Tenant's specific use of the Premises or any work or alteration made to the Premises by or on behalf of Tenant, then such work shall be performed by Landlord at the sole cost and expense of Tenant. Except as otherwise expressly provided in this Lease, Tenant shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA, including without limitation, not discriminating against any disabled persons in the operation of Tenant's business in or about the Premises, and offering or otherwise providing auxiliary aids and services as, and when, required by the ADA. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Building. Tenant shall and hereby agrees to protect, defend (with counsel acceptable to Landlord) and hold Landlord and the other Indemnitees harmless and indemnify the Indemnitees from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's or Tenant's Representatives' violation or alleged violation of the ADA. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease.

(k) CASp Disclosure: For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that (check one):

To Landlord's actual knowledge, the Premises have undergone inspection by a Certified Access Specialist (CASp).

If the Premises have undergone inspection by a CASp prior to the execution of this Lease and, to the best of Landlord’s knowledge, there have been no modifications or alterations completed or commenced between the date of the inspection and the date of this Lease which have impacted the Premises’ compliance with construction-related accessibility standards, Section 1938 requires Landlord to provide to Tenant, prior to execution of this Lease, a copy of any report prepared by the CASp. If, prior to the date of this Lease, the Premises were issued an inspection report by a CASp indicating that it meets applicable standards, as defined in paragraph (4) of subdivision (a) of California Civil Code Section 55.52, Landlord is required to provide a copy of the current disability access inspection certificate and any inspection report to Tenant that was not already provided pursuant to the foregoing sentence, within seven (7) days of the date of the execution of this Lease.

To Landlord's actual knowledge, the Premises have not undergone inspection by a CASp.

or

To Landlord's actual knowledge, the Premises have undergone inspection by a CASP but, to the best of Landlord's knowledge, there have been intervening modifications or alterations completed or commenced which have impacted the Premises compliance with construction related accessibility standards.

California Civil Code Section 1938 states:

“A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or Landlord may not prohibit the Tenant or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the Tenant, if requested by the Tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

Notwithstanding anything to the contrary in this Lease, Landlord and Tenant hereby agree that, during the Term of this Lease, as the same may be extended, Tenant shall be responsible for (i) the payment of the fee for any CASp inspection that Tenant desires, and (ii) making, at Tenant's cost, any repairs necessary to correct violations of construction-related accessibility standards within the Premises provided that such repairs shall be in accordance with the terms of the Lease (as amended). Tenant hereby agrees that: any CASp inspecting the Premises shall be selected by Landlord; Tenant shall promptly deliver to Landlord any CASp report regarding the Premises obtained by Tenant; and Tenant shall keep information contained in any CASp report regarding the Premises confidential, except as may be necessary for Tenant or its agents to complete any repairs or correct violations with respect to the Premises that Tenant agrees to undertake. Tenant shall have no right to cancel or terminate the Lease (as amended) due to violations of construction-related accessibility standards within the Premises identified in a CASp report obtained during the Term of the Lease (as may be extended).

(l) Landlord's Failure to Perform Repair and Maintenance Obligations: Tenant has advised Landlord that Tenant must maintain certain CLIA certifications relating to the Permitted Use of the Premises and that if Landlord fails to complete necessary repairs and/or maintenance to the Building that Landlord is obligated to perform under the terms and conditions of this Lease, such failure may invalidate Tenant's certification (the **"Certification**"). Landlord shall have no liability to Tenant arising out of or in connection with Tenant's inability to obtain or maintain such Certification. Notwithstanding any provision set forth in this Lease to the contrary, if Tenant provides written notice to Landlord (the "**First Notice**") of necessary repair and/or maintenance to the Premises that Landlord is obligated to perform under Section 14 of this Lease which are critical to Tenant's maintenance of the Certification necessary for the Permitted Use of the Premises, and Landlord thereafter fails to perform such repair or maintenance within three (3) days after Landlord's receipt of the First Notice from Tenant, then Tenant may, upon an additional three (3) days' prior written notice to Landlord and opportunity to commence a cure, which notice must state in bold-faced, all capital letters "**FAILURE TO COMMENCE A CURE WITHIN 3 DAYS FOLLOWING RECEIPT OF THIS NOTICE WILL RESULT IN THE EXERCISE OF SELF-HELP RIGHTS**" (the "**Second Notice**") perform Landlord's repair or maintenance obligations the subject of Tenant's notice. In no event shall Tenant be permitted to complete any maintenance or repair work to the structural portions of the Building or the roof of the Building or complete any replacements of a capital nature. If such action was required under the terms of the Lease to be taken by Landlord and was not taken by Landlord within such three (3) day period following Landlord's receipt of the Second Notice and Tenant elects to perform Landlord's repair or maintenance obligations, then Tenant shall (subject to the below terms and conditions) be entitled to prompt reimbursement by Landlord of Tenant's actual and reasonable costs and expenses in taking such action within thirty (30) days after the date Landlord receives a bill therefor accompanied by invoices or other documentation to substantiate the amount paid by Tenant with a reasonably particularized breakdown of its costs and expenses in connection with taking such action. In the event Tenant takes such action, Tenant shall use only those contractors used by Landlord in the Building. In the event that Tenant exercises it self-help rights under this Section 14(l), Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, losses, costs, expenses, damages, awards and/or proceedings arising as a result of Tenant’s performance of its self-help rights (including, without limitation, personal injuries, damage to property and interference with use or occupancy of the Property by tenants or occupants of the Property or their invitees). The obligations set forth in this Section 14(l) shall survive the expiration of the Term of this Lease or the earlier termination thereof.

15. Utilities and Services.

(a) Tenant shall contract for and pay for directly the cost of all water, sewer use, sewer discharge fees and sewer connection fees, gas, heat, electricity, refuse pickup, janitorial service, telephone and other utilities billed or metered separately to the Premises and/or for any such utility fees or use charges that are not billed or metered separately to Tenant, Tenant shall reimburse Landlord therefor pursuant to Paragraph 5 as an Operating Expense. Tenant further agrees to timely and faithfully pay, prior to delinquency, any amount, tax, charge, surcharge, assessment or imposition levied, assessed or imposed upon the Premises, or Tenant's use and occupancy thereof.

(b) Landlord shall not be liable to Tenant for any interruption or failure of any utility services to the Building or the Premises which is not caused by the active negligence or willful acts of Landlord. Tenant shall not be relieved from the performance of any covenant or agreement in this Lease because of any such failure. Landlord shall make all repairs to the Premises required to restore such services to the Premises and the cost thereof shall be payable by Tenant pursuant to Paragraph 5 as a current Operating Expense, or as a capital expense which is amortized over its useful life (together with interest thereon) as an Operating Expense in accordance with terms and conditions set forth in Paragraph 5(b); provided, however, if such failure is caused by the active negligence or willful acts of Landlord, then Landlord shall bear such costs.

(c) In the event that Tenant is permitted and elects to contract directly for the provision of electricity, gas and/or water services to the Premises with the third-party provider thereof (all in Landlord’s reasonable discretion), Tenant shall within ten (10) business days following its receipt of written request from Landlord, provide Landlord with a copy of each requested invoice from the applicable utility provider. Tenant acknowledges that pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively, the “**Energy Disclosure Requirements**”), Landlord may be required to disclose information concerning Tenant’s energy usage at the Building to certain third parties, including without limitation, prospective purchasers, lenders and Tenants of the Building (the “**Tenant Energy Use Disclosure**”). Tenant hereby (A) consents to all such Tenant Energy Use Disclosures, and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use Disclosure. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. The terms of this Paragraph shall survive the expiration or earlier termination of this Lease.

16. Liens. Tenant agrees to keep the Premises free from all liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall give Landlord at least ten (10) calendar days prior written notice before commencing any work of improvement on the Premises, the contract price for which exceeds Ten Thousand Dollars ($10,000). Landlord shall have the right to post notices of non-responsibility with respect to any such work. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Property against the same, and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Property. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-

half times the amount of such contested claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Property free from the effect of such lien or claim.

17. Assignment and Subletting.

(a) Except as otherwise provided in this Paragraph 17, Tenant shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of Landlord in each instance pursuant to the terms and conditions set forth below, which consent shall not be unreasonably withheld or delayed, subject to the following provisions; provided, however, Tenant shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, if Tenant shall be in default under this Lease past any applicable cure period.

(b) Prior to any assignment or sublease which Tenant desires to make, other than a Permitted Transfer (as defined in Paragraph 17(f) below), Tenant shall provide to Landlord the name and address of the proposed assignee or sublessee, and true and complete copies of all documents relating to Tenant's prospective agreement to assign or sublease, a copy of a current financial statement for such proposed assignee or sublessee, and any other relevant information requested by Landlord within five (5) days after receipt of notice of the proposed assignment or sublease and Tenant shall specify all consideration to be received by Tenant for such assignment or sublease in the form of lump sum payments, installments of rent, or otherwise. For purposes of this Paragraph 17, the term "consideration" shall include all money or other consideration to be received by Tenant for such assignment or sublease. Within ten (10) days after the receipt of such documentation and other information, Landlord (1) shall notify Tenant in writing that Landlord elects to consent to the proposed assignment or sublease subject to the terms and conditions hereinafter set forth; (2) shall notify Tenant in writing that Landlord refuses such consent, specifying reasonable grounds for such refusal; or (3) except with respect to a Permitted Transferee, if at the time Tenant requests that Landlord consent to an assignment or sublease Tenant has vacated the Premises and is not conducting on-going operations in the Building, Landlord may notify Tenant that Landlord elects to terminate this Lease, provided that with respect to a proposed sublease of a portion of the Premises, Landlord's termination right shall apply only to the proposed sublease space, and specifying the effective date of termination which shall be the same as the commencement date of the proposed sublease. If Landlord elects to terminate this Lease pursuant to the foregoing provision, upon the effective date of termination, Landlord and Tenant shall each be released and discharged from any liability or obligation to the other under this Lease accruing thereafter with respect to the Premises or the portion thereof to which the termination applies, except for any obligations then outstanding and except for any obligations which survive the expiration or termination of this Lease by the express terms hereof, and Tenant agrees that Landlord may enter into a direct lease with such proposed assignee or sublessee without any obligation or liability to Tenant.

In deciding whether to consent to any proposed assignment or sublease, Landlord may take into account whether reasonable conditions have been satisfied, including, but not limited to, the following:

(1) In Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in such a business, that the Premises, or the relevant part thereof, will be used in such a manner which complies with Paragraph 8 hereof entitled "Use" and Tenant or the proposed assignee or sublessee submits to Landlord documentary evidence reasonably satisfactory to

Landlord that such proposed use constitutes a permitted use of the Premises pursuant to the ordinances and regulations of the City of Union City;

(2) The proposed assignee or subtenant is a reputable entity or individual with sufficient financial net worth so as to reasonably indicate that it will be able to meet its obligations under this Lease or the sublease in a timely manner;

(3) If at the time of the proposed transfer, Landlord has substantially similar space available for rent in Union City Labs, the proposed assignee or subtenant is not a tenant of the Building or any other building in Union City Labs; and

(4) The proposed assignment or sublease is approved by Landlord's mortgage lender if such lender has the right to approve or disapprove proposed assignments or subleases. Landlord shall use its good faith efforts to obtain such approval from its lender within ten (10) days after receipt by Landlord of Tenant's written request for consent and the documentation and information referred to in the first sentence of Paragraph 17(b) above.

(c) As a condition to Landlord's granting its consent to any assignment or sublease, except with respect to any Permitted Transferees, (1) Landlord may require that Tenant pay to Landlord, as and when received by Tenant, fifty percent (50%) of the amount of any excess of the consideration to be received by Tenant in connection with said assignment or sublease over and above the Monthly Base Rent and Additional Rent fixed by this Lease and payable by Tenant to Landlord, after deducting only (A) a standard leasing commission payable by Tenant in consummating such assignment or sublease, (B) the cost of reasonable tenant improvements performed specifically for the sublease and required to be made to the Premises to effectuate the sublease, provided that such improvements are performed in compliance with Paragraph 14(d) of this Lease, and (C) reasonable attorneys' fees incurred by Landlord in negotiating and reviewing the assignment or sublease documentation; and (2) Tenant and the proposed assignee or sublessee shall demonstrate to Landlord's reasonable satisfaction that each of the criteria referred to in subparagraph (b) above is satisfied.

(d) Each assignment or sublease agreement to which Landlord has consented shall be an instrument in writing in form reasonably satisfactory to Landlord, and shall be executed by both Tenant and the assignee or sublessee, as the case may be. Each such assignment or sublease agreement shall recite that it is and shall be subject and subordinate to the provisions of this Lease, that the assignee or sublessee accepts such assignment or sublease, that Landlord's consent thereto shall not constitute a consent to any subsequent assignment or subletting by Tenant or the assignee or sublessee, and, except as otherwise set forth in a sublease approved by Landlord, agrees to perform all of the obligations of Tenant hereunder (to the extent such obligations relate to the portion of the Premises assigned or subleased), and that the termination of this Lease shall, at Landlord's sole election, constitute a termination of every such assignment or sublease.

(e) In the event Landlord shall consent to an assignment or sublease, Tenant shall nonetheless remain primarily liable for all obligations and liabilities of Tenant under this Lease, including but not limited to the payment of rent.

(f) Notwithstanding the foregoing, Tenant may, without Landlord's prior written consent and without any participation by Landlord in assignment and subletting proceeds, but with prior notice and documentation, as required pursuant to this Paragraph 17(f), provided to Landlord, sublet a portion or the entire Premises or assign this Lease to (i) a subsidiary, affiliate, division or corporation controlled or under common control with Tenant ("**affiliate**"); or (ii) to a successor corporation related to Tenant by merger, consolidation or reorganization, or to a purchaser of substantially all of Tenant's assets (each such transaction referred to herein as a "**Permitted Transfer**" and each of the foregoing transferees referred to herein as a "**Permitted Transferee**"), provided that any such Permitted Transferee shall have a current verifiable net worth prior to the transfer at least equal to that of Tenant immediately prior to the effective date of the Permitted Transfer, or, if less, financial resources sufficient, in Landlord's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable. Tenant's foregoing rights in this Paragraph 17(f) to assign this Lease or to sublease all or a portion of the entire Premises shall be subject to the following conditions: (1) Tenant shall not be in default hereunder past any applicable cure period; (2) in the case of an assignment or subletting to an affiliate, Tenant shall remain liable to Landlord hereunder if Tenant is a surviving entity; (3) the transferee or successor entity shall expressly assume in writing all of Tenant's obligations hereunder; and (4) Tenant shall provide Landlord with prior notice of such proposed transfer and deliver to Landlord all documents reasonably requested by Landlord relating to such transfer, including but not limited to documentation sufficient to establish such proposed transferee's current verifiable net worth prior to the transfer at least equal to that of Tenant as of the immediately prior to the effective date of the Permitted Transfer, or, if less, financial resources sufficient, in Landlord's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable.

(g) Neither the sale nor transfer of Tenant's capital stock shall be deemed an assignment, subletting, or other transfer of this Lease or the Premises, provided, that in the event of the sale, transfer or issuance of Tenant's securities to an affiliate or in connection with a transaction described in Paragraph 17(f), the conditions set forth in Paragraph 17(f) shall apply.

(h) Subject to the provisions of this Paragraph 17 any assignment or sublease (if such consent is required hereunder) without Landlord's prior written consent shall at Landlord's election be void. The consent by Landlord to any assignment or sublease shall not constitute a waiver of the provisions of this Paragraph 17, including the requirement of Landlord's prior written consent, with respect to any subsequent assignment or sublease. If Tenant shall purport to assign this Lease, or sublease all or any portion of the Premises, or permit any person or persons other than Tenant to occupy the Premises, without Landlord's prior written consent (if such consent is required hereunder), Landlord may collect rent from the person or persons then or thereafter occupying the Premises and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of Landlord's rights and remedies under this Paragraph 17, or the acceptance of any such purported assignee, sublessee, or occupant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained.

(i) Tenant shall not hypothecate or encumber its interest under this Lease or any rights of Tenant hereunder, or enter into any license or concession agreement respecting all or any portion of the Premises, without Landlord's prior written consent which consent Landlord may grant or withhold in Landlord's absolute discretion without any liability to Tenant. Tenant's granting of any such encumbrance, license, or concession agreement shall constitute an assignment for purposes of this Paragraph 17.

(j) In the event of any sale or exchange of the Premises by Landlord and assignment of this Lease by Landlord, Landlord shall, upon providing Tenant with written confirmation that the assignee has assumed all obligations of Landlord under this Lease and Landlord has delivered any Security Deposit held by Landlord to Landlord's successor in interest, be and hereby is entirely relieved of all liability under any and all of Landlord's covenants and obligations contained in or derived from this Lease with respect to the period commencing with the consummation of the sale or exchange and assignment.

(k) Tenant hereby acknowledges that the foregoing terms and conditions are reasonable and, therefore, that Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

18. Non-Waiver.

(a) No waiver of any provision of this Lease shall be implied by any failure of Landlord to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Landlord of any provision of this Lease must be in writing.

(b) No receipt of Landlord of a lesser payment than the rent required under this Lease shall be considered to be other than on account of the earliest rent due, and no endorsement or statement on any check or letter accompanying a payment or check shall be considered an accord and satisfaction. Landlord may accept checks or payments without prejudice to Landlord's right to recover all amounts due and pursue all other remedies provided for in this Lease.

Landlord's receipt of any rent or other payment from Tenant after giving notice to Tenant terminating this Lease shall in no way reinstate, continue, or extend the Lease term or affect the termination notice given by Landlord before the receipt of such rent or payment. After serving notice terminating this Lease, filing an action, or obtaining final judgment for possession of the Premises, Landlord may receive and collect any rent, and the payment of that rent shall not waive or affect such prior notice, action, or judgment.

19. Holding Over. Tenant shall vacate the Premises and deliver the same to Landlord upon the expiration or sooner termination of this Lease. In the event of holding over by Tenant after the expiration or termination of this Lease, such holding over shall be on a month-to-month tenancy and all of the terms and provisions of this Lease shall be applicable during such period, except that in addition to the payment of Additional Rent, Tenant shall pay Landlord as Monthly Base Rent during such holdover an amount equal to the greater of (i) one hundred fifty percent (150%) of the Monthly Base Rent in effect at the expiration of the term, or (ii) the then market rent for comparable research and development/office space. If such holdover is without Landlord's written consent, Tenant shall be liable to Landlord for all costs, expenses, and consequential damages incurred by Landlord as a result of such holdover, including but not limited to damages resulting from Landlord's inability to timely deliver possession of the Premises to a new tenant. The rental payable during such holdover period without Landlord's written consent shall be payable to Landlord on demand.

20. Damage or Destruction.

(a) In the event of a total destruction of the Building during the term from any cause, Landlord may elect to terminate this Lease by giving written notice of termination to the Tenant within thirty (30) days after the casualty occurs. A total destruction shall be deemed to have occurred for this purpose if the Building or the Premises that are the subject of this Lease are destroyed to the extent of seventy-five percent (75%) or more of the replacement cost thereof. If the Lease is not terminated, Landlord shall repair and restore the Premises in a diligent manner and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent of the Premises which are the subject of this Lease shall be abated in accordance with Paragraph 20(d) below.

(b) In the event of a partial destruction of the Building or the Premises to an extent less than seventy-five percent (75%) of the replacement cost thereof, and (i) if Landlord reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of two hundred seventy (270) days from the date of such casualty, (ii) there are at least twelve (12) months remaining in the term of this Lease or if there are less than twelve (12) months remaining in the term of this Lease, then Landlord reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of ninety (90) days from the date of such casualty, and (iii) the casualty is from a cause which is insured under Landlord's "all risk" property insurance, or is insured under any other coverage then carried by Landlord, then Landlord shall forthwith repair the same, and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent shall be abated in accordance with Paragraph 20(d) below. If any of the foregoing conditions are not met, Landlord shall have the option of either repairing and restoring the Building and Improvements, or terminating this Lease by giving written notice of termination to Tenant within sixty (60) days after the casualty.

(c) Landlord's election to repair and restore the Building and Improvements or to terminate this Lease, shall be made and written notice thereof shall be given to Tenant within sixty (60) days after the casualty. Notwithstanding the foregoing, (1) Tenant may terminate this Lease by written notice to Landlord if Landlord has not obtained all necessary governmental permits for the restoration and commenced construction of the restoration within ninety (90) days after the casualty; or (2) if Landlord elects to repair and restore the Building and Improvements under Paragraph 20(b) above, but the repairs and restoration are not substantially completed within three hundred sixty-five (365) days after the casualty plus the period of any force majeure delays (as defined in subparagraph (e)), Tenant may terminate this Lease by written notice to Landlord given within thirty (30) days after the expiration of said period of three hundred sixty-five (365) days after the casualty, provided that the repairs and restoration are not substantially completed prior to the receipt by Landlord of such notice of termination.

(d) In the event of repair, reconstruction, or restoration as provided herein, the Monthly Base Rent and Additional Rent shall be abated proportionally in the ratio which the Tenant's use of the Premises is impaired and Tenant does not use such portion of the Premises during the period of such repair, reconstruction, or restoration, from the date of the casualty until such repair, reconstruction or restoration is substantially completed.

(e) With respect to any destruction of the Building and Improvements which Landlord is obligated to repair, or may elect to repair, under the terms of this Paragraph 20, the provisions of Section 1932, Subdivision 2, and of Section 1933, Subdivision 4, of the Civil Code of the State of California are waived by the parties. Landlord's obligation to repair and restore the Building and Improvements shall include the Tenant Improvements referred to in Paragraph 13(b) up to the cost of the Tenant Improvement Allowance. Landlord's time for completion of the repairs and restoration of the Building and Improvements referred to above shall be extended by a period equal to any delays ("force majeure delays") caused by strikes, labor disputes, unavailability of materials, inclement weather, circumstances not within Landlord's control, or acts of God.

(f) In the event of termination of this Lease pursuant to any of the provisions of this Paragraph 20, the Monthly Base Rent and Additional Rent shall be apportioned on a per diem basis and shall be paid to the date of the casualty. In no event shall Landlord be liable to Tenant for any damages resulting to Tenant from the occurrence of such casualty, or from the repairing or restoration of the Building and Improvements, or from the termination of this Lease as provided herein, nor shall Tenant be relieved thereby from any of Tenant's obligations hereunder, except to the extent and upon the conditions expressly set forth in this Paragraph 20.

(g) Notwithstanding anything herein to the contrary, Landlord shall not be obligated to restore the Premises or the Building and shall have the right to terminate this Lease if (a) the holder of any mortgage fails or refuses to make insurance proceeds available for such repair and restoration, (b) zoning or other applicable laws or regulations do not permit such repair and restoration, or (c) the cost of repairing and restoring the Building would exceed fifty percent (50%) of the replacement value of the Building, whether or not the Premises is damaged or destroyed, provided the leases of all other tenants in the Building are similarly terminated.

(h) Notwithstanding anything herein to the contrary, if the Premises are destroyed or damaged and Landlord elects to terminate this Lease by giving written notice of termination to Tenant as permitted under this Paragraph 20, then Tenant may notify Landlord of its desire to repair and restore the Premises and thereafter, the parties agree to enter into good faith negotiations for a reasonable period of time for the repair and restoration of the Premises, at Tenant's sole cost and expense, upon terms and conditions mutually acceptable to Tenant and Landlord. Any such agreement reached by Landlord and Tenant shall be subject to the approval of the holder of any mortgage and compliance with all zoning or other applicable Laws or regulations.

21. Eminent Domain.

(a) If the whole or any substantial part of the Property is taken or condemned by any competent public authority for any public use or purpose, the term of this Lease shall end upon the earlier to occur of the date when the possession of the part so taken shall be required for such use or purpose or the vesting of title in such public authority. Rent shall be apportioned as of the date of such termination. Any award arising from the condemnation of any portion of the Property or the settlement thereof shall belong to and be paid to Landlord. However, Tenant may file a separate claim at Tenant's sole cost and expense for (i) leasehold improvements installed at Tenant's expense or other property owned by Tenant, and (ii) reasonable costs of moving by Tenant to another location in Alameda County or surrounding areas within the San Francisco Bay Area. In all events, Landlord shall be solely entitled to any award with respect to the real property, including the bonus value of the leasehold.

(b) If there is a partial taking of the Property by eminent domain which is not a substantial part of the Property and the Premises remain reasonably suitable for continued use and occupancy by Tenant for the purposes referred to in Paragraph 8, Landlord shall complete any necessary repairs in a diligent manner and this Lease shall remain in full force and effect with a just and proportionate abatement of the Monthly Base Rent and Additional Rent, based on the extent to which Tenant's use of the Premises is completely impaired thereafter (subject to subparagraph (c) below). If after a partial taking, the Premises are not reasonably suitable for Tenant's continued use and occupancy for the uses permitted herein, Tenant may terminate this Lease effective on the earlier of the date title vests in the public authority or the date possession is taken. Subject to the provisions of Paragraph 21(a), the entire award for such taking shall be the property of Landlord.

(c) Notwithstanding anything herein to the contrary, if twenty-five percent (25%) or more of the Property or the Building is taken or condemned, then whether or not any portion of the Premises is taken or condemned, Landlord shall have the right to terminate this Lease as of the date title vests in the public authority.

22. Remedies. If Tenant fails to make any payment of rent or any other sum due under this Lease, and such failure continues for five (5) days after receipt by Tenant of written notice from Landlord; or if Tenant fails to comply with any term, provision or covenant of this Lease and does not cure such failure within fifteen (15) days after receipt by Tenant of written notice from

Landlord or such shorter time period specified in this Lease (unless such default is incapable of cure within fifteen (15) days and Tenant commences cure within fifteen (15) days and thereafter diligently prosecutes the cure to completion within a reasonable time, not to exceed sixty (60) days); or if Tenant's interest herein, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease); or if Tenant makes a general assignment for the benefit of its creditors; or if this Lease is rejected (i) by a bankruptcy trustee for Tenant, (ii) by Tenant as debtor in possession, or (iii) by failure of Tenant as a bankrupt debtor to act timely in assuming or rejecting this Lease; then any of such events shall constitute an event of default and breach of this Lease by Tenant and Landlord may, at its option, elect the remedies specified in either subparagraph (a) or (b) below. Any such rejection of this Lease referred to above shall not cause an automatic termination of this Lease. Whenever in this Lease reference is made to a default by Tenant, such reference shall refer to an event of default as defined in this Paragraph 22.

(a) Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this Lease shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest thereon at a rate equal to the discount rate established by the Federal Reserve Bank of San Francisco for member banks, plus one percent (1%), or the maximum legal rate of interest, whichever is less, from the time of termination until paid;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided, including interest thereon at a rate equal to the Federal discount rate plus one percent (1%) per annum, or the maximum legal rate of interest, whichever is less, from the time of termination until paid;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided discounted at the discount rate established by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's breach or by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

(b) If Landlord does not repossess the Premises, then this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this Lease, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 22, the following do not constitute a repossession of the Premises by Landlord or a termination of the Lease by Landlord:

(1) Acts of maintenance or preservation by Landlord or efforts by Landlord to relet the Premises; or

(2) The appointment of a receiver by Landlord to protect Landlord's interests under this Lease.

(c) Landlord's failure to perform or observe any of its obligations under this Lease or to correct a breach of any warranty or representation made in this Lease within thirty (30) days after receipt of written notice from Tenant setting forth in reasonable detail the nature and extent of the failure referencing pertinent Lease provisions or if more than thirty (30) days is required to cure the breach, Landlord's failure to begin curing within the thirty (30) day period and diligently prosecute the cure to completion, shall constitute a default. If Landlord commits a default, Tenant's sole remedy shall be to institute an action against Landlord for damages or for equitable or injunctive relief, but Tenant shall not have the right to punitive damages, consequential damages, rent abatement, offset against rent, or to terminate this Lease in the event of any default by Landlord and Tenant expressly waives the defense of constructive eviction.

(d) If this Lease provides for a postponement of any Monthly Base Rent, Additional Rent, a period of "free" rent, reduced rent, early occupancy, or other rent concession, such postponed rent, "free" rent, reduced rent or other rent concession shall be referred to herein as the "Abated Rent". Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. Accordingly, if an event of default by Tenant shall occur that results in termination of this Lease, then the unamortized portion of the Abated Rent (amortized over the initial Term of this Lease) shall immediately become due and payable in full and this Lease shall be enforced as if there were no such Rent abatement or other Rent concession as to such unamortized portion. In such case the unamortized portion of the Abated Rent shall be calculated by multiplying the total Abated Rent by a fraction, the numerator of which is the number of unexpired months remaining on the initial Lease term as of the date of termination of the Lease and the denominator of which is the total number of months remaining on the initial Term as of the date of termination of the Lease, based on the full initial Rent payable under the Lease. Notwithstanding the foregoing, if Tenant shall cure the default within the applicable cure period as set forth in this Lease and the Lease has not been terminated, the Abated Rent shall be reinstated.

(e) All covenants and agreements to be performed by Tenant under this Lease shall be at its sole cost and expense and without abatement of rent or other sums due under this Lease, unless otherwise specified in this Lease. If Tenant shall fail to pay any sum of money required to be paid by Tenant under this Lease or shall fail to perform any other act on Tenant's part to be performed under this Lease within the time periods described in the first paragraph of Paragraph 22(a), Landlord may, but shall not be obligated so to do and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums paid by Landlord, whether to fulfill Tenant's unfulfilled payment obligations, to perform Tenant's unfulfilled performance obligations, or to compel Tenant to fulfill or perform its obligations under this Lease, and all incidental costs, including attorneys' fees, plus an administrative fee of five percent (5%) of all amounts so expended by Landlord, shall be deemed additional rent hereunder and shall be payable to Landlord upon demand.

23. Tenant's Personal Property. If any personal property of Tenant remains on the Premises after (1) Landlord terminates this Lease pursuant to Paragraph 22 above following an event of default by Tenant, or (2) after the expiration of the Lease Term or after the termination of this Lease pursuant to any other provisions hereof, Landlord shall give written notice thereof to Tenant pursuant to applicable law. Landlord shall thereafter release, store, and dispose of any such personal property of Tenant in accordance with the provisions of applicable law.

24. Notices. All notices required under the Lease and other information concerning this Lease ("**Communications**") shall be personally delivered or sent by first class mail, postage prepaid, by overnight courier. In addition, the Landlord may, in its sole discretion, send such Communications to the Tenant electronically, or permit Tenant to send such Communications to the Landlord electronically, in the manner described in this Paragraph.

Such Communications sent by personal delivery, mail or overnight courier will be sent to the addresses on the signature page of this Lease, or to such other addresses as the Landlord and Tenant may specify from time to time in writing. Communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, or (ii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

Such Communications may be sent electronically by the Landlord and Tenant (i) by transmitting the Communication to the electronic address provided by the Tenant or to such other electronic address as the Tenant may specify from time to time in writing, or (ii) by posting the Communication on a website and sending the Tenant a notice to the Tenant's postal address or electronic address telling the Tenant that the Communication has been posted, its location, and providing instructions on how to view it. Communications sent electronically to the Tenant will be effective when the Communication, or a notice advising of its posting to a website, is sent to the Tenant's electronic address.

25. Estoppel Certificate. Tenant shall within ten (10) business days following request by the Landlord, execute and deliver to the Landlord an estoppel certificate (1) certifying that this Lease has not been modified and certifying that this Lease is in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (2) stating the date to which the rent and other charges are paid in advance, if at all; (3) stating the amount of any Security Deposit held by Landlord; (4) acknowledging that there are not, to the Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder, or if there are uncured defaults on the part of the Landlord, stating the nature of such uncured defaults; and (5) any other provisions reasonably requested by Landlord.

26. Signage. Tenant shall have the use of a portion of the monument sign for the Building for Tenant's sign, which amount shall be equal to Tenant's Pro Rata Share. All monument signage at the Building shall be provided by Landlord at Landlord's sole cost and expense. Tenant may place Tenant's vinyl lettering signage on the glass near the front door entrance to the Building and in the interior of the Building, subject to Landlord's reasonable requirements and consent and subject to the requirements of the City of Union City. All of Tenant's signage shall comply with the City of Union City sign ordinances and regulations and shall be subject to Landlord's approval as to the specific location, size and design thereof. The cost of the installation of Tenant's signage on the glass near the front entrance to the Building and within the interior of the Building shall be paid by Tenant. Any additional signage shall be subject to Landlord's prior approval and, if approved, shall be installed at Tenant's expense.

27. Real Estate Brokers. Tenant's broker is CBRE ("**Tenant's Broker**") and Landlord's broker is CBRE ("**Landlord's Broker**" and collectively with Tenant's Broker, the "**Brokers**"). Landlord shall pay a leasing commission to the Brokers pursuant to a separate agreement. Each party represents and warrants to the other party that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease other than Tenant's Broker and Landlord's Broker and each party shall hold harmless the other party from all damages, expenses, and liabilities resulting from any claims that may be asserted against the other party by any broker, finder, or other person with whom the other party has or purportedly has dealt, other than the above named brokers.

28. Parking. Tenant shall have the right to the nonexclusive use of one hundred ninety-four (194) unreserved on-site vehicular parking spaces on the Land at no additional cost to Tenant in the parking area for the Building and nearby parking areas in Union City Labs, provided that if the City of Union City requires that the number of striped parking spaces located at Union City Labs to be reduced to conform to maximum parking allowances adopted by the City of Union City, and so long as such requirement was not triggered by Landlord, the number of parking

spaces identified in the first sentence of this Section shall be proportionately reduced. Parking shall be subject to such reasonable rules and regulations for such parking facilities which may be established or altered by Landlord at any time from time to time during the Lease Term. Vehicles of Tenant or its employees shall not park in driveways or occupy parking spaces or other areas reserved for deliveries, or loading or unloading.

29. Subordination; Attornment.

(a) This Lease, without any further instrument, shall at all times be subject and subordinate to the lien of any and all ground or underlying leases, mortgages and deeds of trust which may now or hereafter be placed on, against or affect Landlord's estate in the real property of which the Premises form a part, and to all advances made or hereafter to be made upon the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Landlord shall use commercially reasonable efforts to obtain a subordination, non-disturbance and attornment agreement ("**SNDA**") from the beneficiary of any deed of trust executed by Landlord as trustor as of the date of this Lease; such SNDA to be on such beneficiary's form and reasonably satisfactory to Tenant. Landlord's failure to obtain such SNDA shall not be default of Landlord under this Lease.

(b) In confirmation of such subordination, Tenant covenants and agrees to execute and deliver within ten (10) business days of Landlord's request any certificate or other instrument which Landlord may reasonably deem proper to evidence such subordination in commercially reasonable form (which document recognizes Tenant's rights under this Lease), without expense to Tenant; provided, however, that if any person or persons purchasing or otherwise acquiring the real property of which the Premises form a part by any sale, sales and/or other proceedings under such mortgages and/or deeds of trust, shall elect to continue this Lease in full force and effect in the same manner and with like effect as if such person or persons had been named as Landlord herein, then this Lease shall continue in full force and effect as aforesaid, and Tenant hereby attorns and agrees to attorn to such person or persons in writing upon request.

(c) If Tenant is notified in writing of Landlord's default under any deed of trust affecting the Premises and if Tenant is instructed in writing by the party giving notice to make Tenant's rental payments to such beneficiary, Tenant shall comply with such request without liability to Landlord (and with full credit of any amounts paid to such party by Tenant to the corresponding amounts owed to Landlord) until Tenant receives written confirmation that such default has been cured by Landlord and that the deed of trust has been reinstated.

30. No Termination Right. Except in a claim for eviction, Tenant shall not have the right to terminate this Lease as a result of any default by Landlord, and Tenant's remedies in the event of a default by Landlord shall be limited to the remedy set forth in Paragraph 22(c).

31. Landlord's Entry. Except in the case of an emergency and except for permitted entry during Tenant's normal working hours, both of which may occur without prior notice to Tenant, but subject Tenant's reasonable security/control procedures for its CLIA operations, Landlord and Landlord's agents shall provide Tenant with at least one business day notice prior to entry of the Premises. Landlord may enter the Premises for any reasonable purpose related to Landlord's ownership and operation of the Property. Such entry by Landlord and Landlord's agents shall not impair Tenant's operations more than reasonably necessary. Landlord may enter the Premises at any time without prior notice to Tenant if the Premises are vacant, if Tenant is no longer conducting its ordinary business at the Premises, or if Tenant has made a general assignment for the benefit of creditors.

32. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the provisions of this Lease or for recovery of the possession of the Premises (including litigation, or a proceeding in a bankruptcy court), the prevailing party shall be entitled to recover from the

other party costs of suit and reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

33. Quiet Enjoyment. Upon payment by Tenant of the rent for the Premises and the observance and performance of all of the covenants, conditions, and provisions on Tenant's part to be observed and performed under this Lease within applicable notice and cure periods, Tenant shall have quiet enjoyment and possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

34. Financial Information. Tenant represents and warrants to Landlord that all financial and other information that it has provided to Landlord prior to the date of this Lease is true, correct and complete. Within fourteen (14) days of Landlord's written request therefor (but no more often than once per calendar year), Tenant shall promptly furnish to Landlord an audited financial statement with respect to Tenant for its most recent fiscal year prepared in accordance with generally accepted accounting principles and certified to be true and correct by Tenant; and if no such audited financial statement is available, then Tenant shall instead deliver to Landlord its most currently available balance sheet, income statement and unaudited financial statement and/or such other information, the type and form of which are acceptable to Landlord in Landlord's reasonable discretion, which reflects the financial condition of Tenant. Landlord shall keep Tenant's financial information and statement confidential and use such financial information or statements only for the purpose in connection with this Lease.

35. SDN List. Tenant represents and warrants to Landlord that Tenant is not, and the entities or individuals that constitute Tenant, that may own or control Tenant, or that may be owned or controlled by Tenant (in all cases, other than through the ownership of publicly traded, direct or indirect ownership interests) (each a "Subject Tenant Party") are not, (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**") for the purpose of identifying suspected terrorists or on the most current list published by the OFAC at its official website, http://www.treas.gov/ofac/tllsdn.pdf or any replacement website or other replacement official publication of such list which identifies an "Specially Designated National" or "blocked person" (either of which are referred to herein as a "**SDN**"). If at any time during the Lease Term Landlord discovers that Tenant has breached the foregoing representations and warranties, or Landlord reasonably believes that Tenant or any Subject Tenant Party is in violation of any laws relating to terrorism or money laundering or that Tenant or any Subject Tenant Party is identified as an SDN, Tenant shall be deemed in default under this Lease following three (3) days written notice from Landlord to Tenant unless, within such three day period, Tenant delivers written evidence, reasonably acceptable to Landlord, that Tenant is not in violation of such laws or that Tenant (or the Subject Tenant Party, as applicable) is not a person or entity identified as an SDN. Except as otherwise expressly provided in the foregoing sentence, and without further notice, any default by Tenant under this Paragraph 35 shall be deemed an incurable default by Tenant and, in addition to any other rights and remedies that Landlord may have upon such default, Landlord shall also have the right to immediately terminate this Lease upon written notice to Tenant and recover possession of the Premises.

36. Sustainable Practices for the Building. Landlord and Tenant acknowledge and agree that Landlord is committed to employing sustainable operating and maintenance practices for the Building. Tenant shall fully cooperate with Landlord in any reasonable programs in which Landlord may elect to participate relating to the Building's (i) energy efficiency, management and conservation; (ii) water conservation and management; (iii) environmental standards and efficiency; (iv) recycling and reduction programs; and/or (v) safety, which participation may include, without limitation, the Leadership in Energy and Environmental Design (LEED) program and related Green Building Rating System promoted by the U.S. Green Building Council ("**Green Energy Programs**"). All carbon tax credits and similar credits, offsets and deductions are the sole and exclusive property of Landlord. Tenant affirms its support of these practices, and agrees to cooperate with Landlord by implementing reasonable conservation

practices. Periodically, Landlord may offer additional examples, guidance and practices related to energy conservation measures, which Tenant agrees to consider for implementation.

Notwithstanding anything herein to the contrary, Tenant shall not be restricted from operating its business in the fashion and manner which it deems appropriate for itself, in accordance with the Use provisions of this Lease. Should any specific practice(s) proposed by Landlord be deemed to be inconsistent with Tenant’s business operations, Tenant shall so advise Landlord in writing as its reason for declining to implement such specific practice(s).

37. Intentionally Deleted.

38. Intentionally Deleted.

39. Landlord’s Renovations. Except as otherwise expressly set forth herein, it is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, the Property or any part thereof and that no representations respecting the condition of the Property, Premises or the Building except as specifically set forth herein, or the areas in the vicinity of the Property have been made by Landlord to Tenant. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the “**Renovations**”) the Property and/or the Building, including, without limitation, the parking areas, Common Areas, systems and equipment, roof, and structural portions of the same. In connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Premises and/or the Building, and limit or temporarily eliminate access to portions of the Property, including portions of the Common Areas, or perform work in the Premises or the Building, as applicable, which work may create noise, vibrations, dust or leave debris in the Building and/or the Premises. In connection with such Renovations, Landlord may enter the Premises at reasonable times and upon reasonable notice to Tenant, to construct such Renovations; provided, however, that Landlord agrees to perform any highly disruptive portion of the Renovations in the Premises during non-business hours. The scope and extent of such Renovations shall be determined by Landlord in its sole discretion. Certain areas, including areas of the Property and parking are that are currently being used by tenants of the Building, including by Tenant, may be temporarily unavailable for use by tenants of the Building, including Tenant, during portions of the Renovations. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall use commercially reasonable efforts to minimize interference with Tenant’s use of and access to the Building and the Premises when performing such Renovations. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions.

40. General Provisions

(a) . Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

(b) Each and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided elsewhere in this

Lease, their respective heirs, executors, administrators, successors, and assigns, subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this Lease with respect to the assignment, transfer, encumbering, or subletting of all or any part of Tenant's interest in this Lease.

(c) The captions of the paragraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this instrument.

(e) This Lease shall be governed by and construed pursuant to the laws of the State of California.

(f) Recourse by Tenant for breach of this Lease by Landlord shall be expressly limited to the amount of Landlord's interest in the Property and the rents, issues, insurance, condemnation, and sales proceeds actually received by Landlord, and profits therefrom, and in the event of any such breach or default by Landlord, Tenant hereby waives the right to proceed against any other assets of Landlord or against any other assets of any manager, member, officer, partner, director, principal, trustee, beneficiary, employee or agent of Landlord, unless Tenant brings a successful action to pierce the corporate veil of Landlord relating to the liability under this Lease. In the event of a breach of default of this Lease by Tenant, Landlord hereby waives the right to proceed against any assets of any manager, member, officer, partner, director, principal, trustee, beneficiary, employee or agent of Tenant, unless Landlord brings a successful action to pierce the corporate veil of Tenant relating to the liability under this Lease.

(g) Any provision or provisions of this Lease which shall be found to be invalid, void or illegal by a court of competent jurisdiction, shall in no way affect, impair, or invalidate any other provisions hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(h) This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

(i) Each party represents to the other that the person signing this Lease on its behalf is properly authorized to do so, and in the event this Lease is signed by an agent or other third party on behalf of either Landlord or Tenant, written authority to sign on behalf of such party in favor of the agent or third party shall be provided to the other party hereto either prior to or simultaneously with the return to such other party of a fully executed copy of this Lease.

(j) No binding agreement between the parties with respect to the Premises shall arise or become effective until this Lease has been duly executed by both Tenant and Landlord and a fully executed copy of this Lease has been delivered to both Tenant and Landlord.

(k) Tenant acknowledges that the terms and conditions of this Lease constitute confidential information of Landlord. Tenant shall, not disclose the contents of this Lease,

lease proposals, lease drafts, or other documentation containing the terms, identity of the parties, details or conditions contained herein in any manner to any third party without obtaining the prior written consent of the Landlord, except to the attorneys, accountants, brokers, lenders, investors, potential investors, potential business or merger partners, potential subtenants and assignees, or other authorized business representatives or agents of the parties, or except to the extent required to comply with applicable laws, including any filings by Tenant pursuant to state or federal securities laws. Tenant shall not make any public announcement of the consummation of this Lease transaction without the prior approval of the Landlord.

(l) Except as provided in Paragraph 22(c), the rights and remedies that either party may have under this Lease or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

(m) Tenant waives any claim for consequential damages which Tenant may have against Landlord for breach of or failure to perform or observe the requirements and obligations created by this Lease.

(n) Landlord and Tenant each agree to and they hereby do, to the maximum extent permitted by law, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage, and any statutory remedy.

(o) This Lease shall not be recorded.

(p) Whenever this Lease requires an approval, consent, determination, selection or judgment by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed and, in exercising any right or remedy hereunder, each party shall at all times act reasonably and in good faith.

41. Counterparts; Electronic Signatures. This Lease may be executed in any number of counterparts, each of which, when so executed by a party, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. Electronic transmission signatures of any of the parties shall be deemed to be original signatures in connection with the execution of this Lease or any modification of this Lease.

42. Amendments. This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

(a)

(b)

IN WITNESS WHEREOF, the Landlord and Tenant have duly executed this Lease as of the date first set forth herein.

“**LANDLORD**”

WHIPPLE ROAD PORTFOLIO, LLC,
a Delaware limited liability company

By: HSRE-TARLTON III, its sole member

By: TPI INVESTORS 19, a member

By: TARLTON PROPERTIES, INC., its manager

By: /s/ Elizabeth Krietemeyer
Elizabeth Krietemeyer
Executive Vice President

“TENANT”

BillionToOne, Inc.

a Delaware corporation

By: /s/ Oguzhan Atay

Its: Chief Executive Officer

Address: The Premises

<u>EXHIBIT “A”</u>

Legal Description

Real property in the City of Union City, County of Alameda, State of California, described as follows:

PARCEL ONE:

LOTS 1, 2, 3 AND 4 OF PARCEL MAP NO. 7543 FILED APRIL 13, 2001 IN BOOK 256 OF MAPS AT GAGES 35-39, INCLUSIVE, ALAMEDA COUNTY RECORDS.

PARCEL TWO:

NON-EXCLUSIVE EASEMENTS FOR ACCESS, PARKING, UTILITIES, DRAINAGE AND TEMPORARY CONSTRUCTION AND STORAGE OF MATERIALS AND EQUIPMENT APPURTENANT TO PARCEL ONE AS DESCRIBED IN AND UPON THE TERMS AND CONDITIONS SET FORTH IN THE DECLARATION OF EASEMENTS AND COVENANTS BY PRINCIPAL DEVELOPMENT INVESTORS, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, RECORDED APRIL 13, 2001, SERIES NO. 2001-124405, OFFICIAL RECORDS.

PARCEL THREE:

A NON-EXCLUSIVE EASEMENT FOR SLOPE AND EROSION CONTROL MAINTENANCE PURPOSES APPURTENANT TO PARCELS ONE AND TWO AS RESERVED BY PATRICIAN ASSOCIATES, INC., A CALIFORNIA CORPORATION IN THE GRANT DEED FROM SAID

PATRICIAN ASSOCIATES, INC., TO STANDARD PACIFIC CORP., A DELAWARE CORPORATION RECORDED JANUARY 28, 2000,

SERIES NO. 2000-25883 ALAMEDA COUNTY OFFICIAL RECORDS, OVER AND ACROSS THE NORTHERLY 12 FEET OF “RESULTANT PARCEL A” SAID RESULTANT PARCEL A BEING DESCRIBED AS FOLLOWS:

RESULTANT PARCEL A, PARCEL MAP 5162, PURSUANT TO LOT LINE ADJUSTMENT, RECORDED SEPTEMBER 28, 1999, SERIES NO. 99368595, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

A PORTION OF PARCEL “A” AS SHOWN ON PARCEL MAP 5162 FILED DECEMBER 8, 1998 IN BOOK 180 OF MAPS AT PAGE 58, ALAMEDA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID PARCEL “A”, SAID POINT BEING ON THE NORTHEASTERLY LINE OF PARCEL “B” AS SHOWN ON THAT MAP OF TRACT 4127, FILED FOR RECORD IN BOOK 115 OF MAPS AT RAGE 30, ALAMEDA COUNTY RECORDS; THENCE FROM SAID POINT OF BEGINNING, ON THE SOUTHWESTERLY LINE OF SAID PARCEL “A”, NORTH 42° 49’ 28” WEST, 602.70 FEET TO THE NORTHEASTERLY CORNER OF SAID PARCEL “B”, THENCE SOUTH 49° 03’ 29” WEST, 15.01 FEET TO THE SOUTHWESTERLY LINE OF SAID PARCEL “A”; THENCE ON SAID LINE NORTH 42° 49’ 28” WEST, 323.13 FEET; THENCE LEAVING SAID SOUTHWESTERLY LINE, NORTH 82° 46’ 54” EAST, 619.22 FEET TO THE EASTERLY LINE OF SAID PARCEL “A”; THENCE ON SAID LINE, SOUTH 16° 35’ 30” EAST, 93.92 FEET TO A TANGENT CURVE TO THE LEFT; THENCE ON SAID CURVE WITH A RADIUS OF 538.00 FEET, THROUGH A CENTRAL ANGLE OF 30° 49’ 36” FOR AN ARC DISTANCE OF 289.46 FEET TO THE MOST NORTHERLY CORNER OF THE LANDS OF THE CITY OF UNION CITY AS SHOWN ON SAID PARCEL MAP; THENCE SOUTH 23° 10’ 46” WEST, 40.47 FEET; THENCE SOUTH 04° 22’ 23” WEST, 114.54 FEET TO A TANGENT CURVE TO THE LEFT; THENCE ON SAID CURVE WITH A RADIUS OF 50.00 FEET THROUGH A CENTRAL ANGLE OF 26° 03’ 56” FOR AN ARC DISTANCE OF 22.75 FEET, THENCE SOUTH 21° 41’ 33” EAST, 66.59 FEET; THENCE SOUTH 40° 58’ 20” WEST, 236.96 FEET TO THE POINT OF BEGINNING.

<u>EXHIBIT “B”</u>

Union City Labs

EXHIBIT “B”

EXHIBIT "C"

Floor Plan of Building

EXHIBIT "C"

EXHIBIT "D"

Commencement Memorandum

EXHIBIT "D"

EXHIBIT “E”

Tenant’s Hazardous Materials

<u>EXHIBIT “F”</u>

Work Letter

This Work Letter (“**Work Letter**”) sets forth the terms and conditions relating to the construction of Tenant Improvements for the Premises. All references in this Work Letter to the Lease shall mean the relevant portions of the Lease between WHIPPLE ROAD PORTFOLIO, LLC, a Delaware limited liability company, as Landlord, and BILLIONTOONE, INC., a Delaware corporation, as Tenant, for the Premises to which this Work Letter is attached as <u>Exhibit F</u> (the “**Lease**”).

In consideration of the mutual covenants contained below, Landlord and Tenant agree as follows:

1. <u>Definitions</u>. For purposes of this Work Letter, (i) capitalized terms not defined in this Work Letter but defined in the Lease shall have the same meaning ascribed to such terms in the Lease and (ii) other terms used in this Work Letter shall have the meaning ascribed to such term as set forth in this <u>paragraph 1</u> or elsewhere in this Work Letter.

a. “**Tenant Improvements**” shall mean the work and improvements to be performed by Landlord as shown on the Construction Drawings (as hereinafter defined). All such work shall be performed by Landlord at Tenant’s sole cost and expense, subject to reimbursement in the amount of the Tenant Improvement Allowance (as hereinafter defined).

b. “**Budget**” shall mean the initial budget for the Tenant Improvements attached as <u>Exhibit “F-2”</u> to the Lease.

c. “**Substantially Completed**” or “**Substantial Completion**” shall mean Landlord has completed the Tenant Improvements and received the final sign-off and any required certificate of occupancy by the applicable authorities that allows the Premises to be occupied, subject only to items which need correction or completion and are of a nature and degree as to typically appear on a construction project punch list (“**Punch List Items**”) and excluding Tenant’s installation of its trade fixtures, furniture, equipment, cabling, telecommunications and similar alterations within the Premises, which installation shall be Tenant’s responsibility, at Tenant’s cost. Within five (5) business days after Substantial Completion, Landlord and Tenant shall perform a joint walk-through of the Premises and mutually and reasonably identify in a written statement executed by each of them (“**Punch List**”) the remaining Punch List Items. Landlord shall cause the Punch List Items to be corrected or completed as soon as reasonably possible.

2. <u>Base, Shell and Core</u>. Subject to completion of Landlord Improvements and Paragraph 2(a) of the Lease, Tenant hereby accepts the base, shell and core of the Premises (collectively, the “**Base, Shell and Core**”), in its current “**AS IS**” condition existing as of the date of the Lease and the Commencement Date. Except with respect to the Landlord Improvements set forth in <u>Paragraph 13(a)</u> of the Lease and the Tenant Improvement Allowance set forth below, Landlord shall not be obligated to make or pay for any alterations or

improvements to the Premises, the Building or the Park. Tenant acknowledges and agrees that neither Landlord nor any of Landlord's agents, representatives or employees has made any representations as to the suitability, fitness or condition of the Premises for the conduct of Tenant's business or for any other purpose, including without limitation, any storage incidental thereto. Any exception to the foregoing provisions must be made by express written agreement by both parties.

3. Construction Drawings for the Premises. Prior to the execution of this Lease, Landlord and Tenant have approved a detailed space plan for the construction of certain improvements in the Premises, which space plan is attached hereto as Schedule 1 (the "**Final Space Plan**"). Based upon and in conformity with the Final Space Plan, Landlord shall cause its architect and engineers to prepare and deliver to Tenant, for Tenant's approval, detailed specifications and engineered working drawings for the tenant improvements shown on the Final Space Plan (the "**Working Drawings**"). The Working Drawings shall incorporate modifications to the Final Space Plan as necessary to comply with the floor load and other structural and system requirements of the Building. To the extent that the finishes and specifications are not completely set forth in the Final Space Plan for any portion of the tenant improvements depicted thereon, the actual specifications and finish work shall be in accordance with the specifications for the Property's standard tenant improvement items, as reasonably determined by Landlord. Within seven (7) business days after Tenant's receipt of the Working Drawings, Tenant shall approve or disapprove the same, which approval shall not be unreasonably withheld; provided, however, that Tenant may only disapprove the Working Drawings to the extent such Working Drawings are inconsistent with the Final Space Plan and only if Tenant delivers to Landlord, within such seven (7) business day period, specific changes proposed by Tenant which are consistent with the Final Space Plan and do not constitute changes which would result in any of the circumstances described in items (i) through (iv) below. If any such revisions are timely and properly proposed by Tenant, Landlord shall cause its architect and engineers to revise the Working Drawings to incorporate such revisions and submit the same for Tenant's approval in accordance with the foregoing provisions, and the parties shall follow the foregoing procedures for approving the Working Drawings until the same are finally approved by Landlord and Tenant. Upon Landlord's and Tenant's approval of the Working Drawings, the same shall be known as the "**Approved Working Drawings**". Once the Approved Working Drawings have been approved by Landlord and Tenant, Tenant shall make no changes, change orders or modifications thereto except in accordance with Section 4(c) below. The Final Space Plan, Working Drawings and Approved Working Drawings shall be collectively referred to herein as, the "**Construction Drawings**."

4. Design Process/Working Drawings.

a. Architect and Contractor. Upon execution of the Lease, Landlord will retain the services of an architect ("**Architect**") and general contractor, subject to Tenant's reasonable approval (the "**Contractor**"). Any contract with Contractor to construct the Tenant Improvements shall be based upon a stipulated sum or guaranteed maximum price. The contract with the Architect shall not impose limitations of liabilities for its errors or omissions less than $2,000,000 and any such contracts with the Contractor shall be not based upon time and materials without a guaranteed maximum price. All contracts shall provide customary warranties of not less than one (1) year from completion of the Tenant Improvements.

b. Commencement of Construction. At such time as all necessary governmental permits and other required approvals have been obtained by Landlord, Landlord shall commence construction of and, once commenced, shall diligently pursue the completion of the Tenant Improvements substantially in compliance with the Construction Drawings, the Budget and this Work Letter. Following completion of the Construction Drawings, Landlord shall apply for and diligently pursue all permits and other required approvals for the Tenant Improvements. Prior to the execution of the Lease, Landlord and Tenant approved a preliminary schedule for the Tenant Improvements, which is attached to the Lease as Exhibit F-3 (the "**Schedule**").

c. Change Orders. Landlord's approval is required in advance of all changes to, and deviations from, the Construction Drawings (each a "**Change Order**"); which approval shall not be unreasonably withheld, conditioned or delayed, but may be withheld in Landlord's sole discretion if such change or modification would: (i) be of a quality lower than the quality of the standard tenant improvement items for the Building; (ii) materially increase the expected date of Substantial Completion for the Tenant Improvements; and/or (iii) require any changes to the base, shell and core or structural improvements or systems of the Building. In the event that Tenant requests any Change Order (which Landlord approves) which increases the cost to construct the Tenant Improvements above the Tenant Improvement Allowance (and, if properly requested by Tenant pursuant to Paragraph 5(c), the Additional Allowance), such increased cost shall become part of the Excess Cost (as hereinafter defined) and shall be paid by Tenant to Landlord within ten (10) days of receipt of Landlord's invoice.

5. Tenant Improvement Allowance; Additional Allowance.

a. Landlord shall contribute up to, but not exceeding Two Hundred and 00/100 Dollars ($200.00) pre rentable square foot of the Premises (i.e., up to Twelve Million Five Hundred Thirty-One Thousand Eight Hundred and 00/100 Dollars ($12,531,800.00)), for costs relating to the initial design and construction of the Tenant Improvements (the "**Tenant Improvement Allowance**"). The Tenant Improvement Allowance shall be used to pay for the cost of (i) the Construction Drawings for the Tenant Improvements within the Premises, (ii) engineering required in connection with the performance of such work, (iii) all permit fees required by any administrative or governmental agency in connection with the performance of the Tenant Improvements or other costs expended in obtaining approvals and permits, (iv) actual contractor costs and charges for materials, supplies and labor, contractor's profit, overhead and general conditions, (v) any other costs incurred in connection with the hard and soft costs of construction of the Tenant Improvements, including without limitation, any costs, fees and expenses associated with any modifications, improvements or alterations to the Premises, Building, the Common Areas and/or Park required to comply with Laws arising from the Tenant Improvements; (vi) built-in furniture which are fixtures are remain in the Premises at the end of the Term, (vii) data cabling and ethernet/IT infrastructure, (viii) mobile/built-in laboratory benches, walk-in freezers, and wall design elements; (ix) space planning and design, and (x)

Change Orders. Tenant shall be solely responsible for all costs of Tenant Improvements in excess of the Tenant Improvement Allowance. Prior to the execution of the Lease, Landlord and Tenant approved a preliminary budget for the Tenant Improvements, which is attached to the Lease as Exhibit F-2 (the "**Budget**"). The amount by which the estimated costs of the Tenant Improvement exceed the Tenant Improvement Allowance shall mean the "**Excess Cost**" and the percentage amount of the Excess Cost divided by the Budget shall mean the "**Percentage Contribution**".

b. The cost of the Tenant Improvements shall be paid on a pari passu basis as follows: No more often than once per month, Landlord shall deliver to Tenant a written demand for payment of the Excess Cost together with all invoices paid by Landlord for labor rendered and materials delivered with respect to the applicable payment request. Within thirty (30) days following receipt of such demand, Tenant shall pay its Percentage Contribution of the amount of labor rendered and materials delivered as shown on the invoices; provided however, if the Tenant Improvement Allowance is exhausted, Tenant shall pay for the entire amount of the labor rendered and materials delivered.

c. Tenant shall have the option of increasing the Tenant Improvement Allowance up to an additional $35.00 per rentable square foot of the Premises (i.e., up to an additional Two Million One Hundred Ninety-Three Thousand Sixty-Five and 00/100 Dollars ($2,193,065.00)) (the "**Additional Allowance**") for the costs reasonably relating to the design and construction of the Tenant Improvements, upon written notice to Landlord prior to the Commencement Date. Any portion of the Additional Allowance used shall be amortized into the Monthly Base Rent at nine percent (9%) per annum over the Term commencing on the Commencement Date and shall be memorialized through an amendment to this Lease. Following Tenant's election to increase the Tenant Improvement Allowance by the Additional Allowance, the Excess Cost and Percentage Contribution shall be recalculated accordingly.

d. If any portion of the Tenant Improvement Allowance or Additional Allowance, if any, is not used by Tenant within eighteen (18) months following the Commencement Date (the "**Outside Date**"), such portion shall be deemed waived with no further obligation by Landlord with respect thereto; provided, however, (a) if construction of the Tenant Improvements has commenced prior to the Outside Date, but has not been completed, then Tenant shall have an additional period from the Outside Date to use the Tenant Improvement Allowance or Additional Allowance, if any, to complete such work; provided, however, in no event shall such additional period exceed six (6) months. In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount that exceeds the Tenant Improvement Allowance as may be increased by the Additional Allowance, if any, and in no event shall Tenant be entitled to any excess, credit, deduction or offset against Rent for any unused portion of the Tenant Improvement Allowance or Additional Allowance.

6. Consents/Approvals/Representatives. Landlord has appointed Ron Krietemeyer, as its authorized representative ("**Landlord's Representative**") to act for Landlord in all matters covered by this Work Letter. Tenant hereby designates Oguzhan At, as its authorized representative ("**Tenant's Representative**") with full power and authority to bind Tenant for all

actions taken with regard to the Tenant Improvements. Except as otherwise provided in this Work Letter, within three (3) Business Days of receipt of any requested approval of any item or document, Landlord's Representative shall approve or disapprove (with sufficient detail) any such request, unless the scope of Tenant's request is such that Landlord's Representative cannot, using commercially reasonable efforts, complete the required modifications within three (3) Business Days, in which case such three (3) Business Day period shall be extended for such period after Landlord receives the request as is reasonably necessary to respond to such request.

7. Construction Management Fee. Landlord shall employ Tarlton Properties, Inc. as the construction manager for construction of the Tenant Improvements at a fee equal to four percent (4%) of hard construction costs of the Tenant Improvements (i.e., amounts paid to any general contractor, subcontractors, vendors and suppliers of labor and materials for the construction of the Tenant Improvements). Such construction management fee shall be a cost of the Tenant Improvements.

8. Miscellaneous. In the event of any defects in the Tenant Improvements, upon written notice from Tenant describing with specificity such defect, Landlord shall enforce all warranties against the Architect and/or Contractor for correction of such defects. In the event of a conflict between the Lease (including the Work Letter) and the Approved Construction Drawings, the Approved Construction Drawings shall control.

9. Construction of the Tenant Improvements. All materials (as well as methods and processes) used in the performance of the Tenant Improvements shall be new and of good quality and conform to all reasonable standards of the Building. All of the Tenant Improvements shall be performed in a good and workmanlike manner and in accordance with any and all applicable codes, statutes, rules, regulations, ordinances and orders of any federal, state, county or municipal agency or other governmental body having jurisdiction over the Premises, and in substantial compliance with the Construction Drawings and Budget.

10. Non-chargeable construction costs. During the period of design, construction of the Tenant Improvements, Landlord shall no deduct from the Tenant Improvement Allowance or otherwise charge Tenant for: (i) parking; (ii) exterior staging areas; (iii) non-exclusive access to freight elevators; (iv) non-exclusive use of loading docks; or (v) utilities or temporary HVAC during building hours.

11. Tenant Delays. Any delay related to or arising from any interference by Tenant or its employees, agents or contractors with Landlord's completion of the Tenant Improvements, or any default by Tenant under the Lease or failure to comply with the terms of this Work Letter which causes delay in the Substantial Completion of the Tenant Improvements shall constitute a "**Tenant Delay**". Landlord shall give Tenant written notice of any claimed Tenant Delay within two (2) business days after the beginning of the delay, which notice includes a specific description of the claimed Tenant Delay. Should a Tenant Delay occur, Landlord shall not be responsible for such Tenant Delay, including without limitation, increased construction costs, increased general condition costs and other costs, the construction schedule and Tenant's ability to conduct business or occupy the Premises and notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of Substantial

Completion, the Commencement Date (as set forth in the Basic Lease Information) shall be deemed to be the date the Lease Commencement Date would have occurred if no Tenant Delay or Delays, as set forth above, had occurred.

12. Tenant Default. Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant as described in Paragraph 20 of the Lease or any default by Tenant under this Work Letter has occurred and not cured within the applicable cure period at any time on or before the Substantial Completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, at law or in equity, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance, the Additional Allowance, if any, and/or Landlord may cause Contractor to cease the construction of the Tenant Improvements (in which case, Tenant shall be responsible for any delay in the Substantial Completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Work Letter shall be suspended, until such time as such default is cured pursuant to the terms of the Lease (in which case, Tenant shall be responsible for any delay in Substantial Completion of the Premises caused by such inaction by Landlord). In addition, if the Lease is terminated prior to the Lease Commencement Date, due to a default by Tenant as described in Paragraph 20 of the Lease or under this Work Letter, in addition to any other remedies available to Landlord under the Lease, at law and/or in equity, Tenant shall pay to Landlord, as Additional Rent under the Lease, within five (5) days of receipt of a statement therefor, any and all costs incurred by Landlord (including any portion of the Tenant Improvement Allowance and Additional Allowance, if any, disbursed by Landlord) and not reimbursed or otherwise paid by Tenant through the date of such termination in connection with the Tenant Improvements to the extent planned, installed and/or constructed as of such date of termination, including, but not limited to, any costs related to the removal of all or any portion of the Tenant Improvements and restoration costs related thereto.

13. Time of the Essence in this Work Letter. Unless otherwise indicated, all references herein to a “number of days” shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord’s sole option, at the end of said period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

EXHIBIT “F”

EXHIBIT F-1

Description of Landlord Improvements/Warm-Shell Improvements

Landlord and Tenant agree to work together to develop this description of Landlord Improvements/Warm-shell Improvements following execution of the Lease. Landlord agrees that the Landlord Improvements/Warm-shell Improvements for the Building shall accommodate no less than a 68% CLIA laboratory facility at Landlord's cost. Landlord shall design the Building and provide the required infrastructure to support BillionToOne's operations at a 68% lab ratio.

EXHIBIT F-2

Preliminary Budget

Exhibit “F-2”

EXHIBIT F-3

Preliminary Schedule

Schedule 1

SCHEDULE 1

Final Space Plan

EXHIBIT “F-1”

EXHIBIT G

Hazardous Materials Disclosure Certificate

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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, Oguzhan Atay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BillionToOne, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) [Omitted];

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) 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.

Date: August 5, 2026	By:	/s/ Oguzhan Atay
		Oguzhan Atay
		Chief Executive Officer
		(Principal Executive Officer)

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, Ross Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BillionToOne, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) [Omitted];

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) 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.

Date: August 5, 2026	By:	/s/ Ross Taylor
		Ross Taylor
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

**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 BillionToOne, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 5, 2026	By:	/s/ Oguzhan Atay
		Oguzhan Atay
		Chief Executive Officer
		(Principal 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 BillionToOne, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 5, 2026	By:	/s/ Ross Taylor
		Ross Taylor
		Chief Financial Officer
		(Principal Financial and Accounting Officer)