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

FORM 8-K

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

Date of Report (Date of earliest event reported): June 16, 2021

23andMe Holding Co.
(Exact name of registrant as specified in its charter)

Delaware	**001-39587**	**87-1240344**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

223 N. Mathilda Avenue
Sunnyvale, California 94086
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (650) 938-6300

VG Acquisition Corp.
65 Bleecker Street
6th Floor
New York, New York 10012
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, $0.0001 par value per share	**ME**	**The Nasdaq Global Select Market**
Redeemable warrants, each whole warrant exercisable for one share of Class A Common Stock	**MEUSW**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

INTRODUCTORY NOTE

Domestication and Merger Transaction

As previously announced, VG Acquisition Corp. ("VGAC" and, after the Domestication as described below, "New 23andMe"), a Cayman Islands exempted company, entered into that certain Agreement and Plan of Merger (the "Merger Agreement"), dated as of February 4, 2021, by and among VGAC, Chrome Merger Sub, Inc., a Delaware corporation and wholly owned direct subsidiary of VGAC ("Merger Sub"), and 23andMe, Inc., a Delaware corporation ("23andMe"), as subsequently amended by that certain First Amendment to the Merger Agreement, dated as of February 13, 2021 (the "First Amendment"), and that certain Second Amendment to the Merger Agreement, dated as of March 25, 2021 (the "Second Amendment"). On June 16, 2021 (the "Closing Date"), as contemplated by the Merger Agreement and described in the section titled "*Domestication Proposal*" beginning on page 115 of the final prospectus and definitive proxy statement, dated May 14, 2021 (the "Proxy Statement/Prospectus") and filed with the Securities and Exchange Commission (the "SEC"), VGAC filed a notice of deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which VGAC was domesticated and continued as a Delaware corporation, changing its name to "23andMe Holding Co." (the "Domestication").

As a result of and upon the effective time of the Domestication, among other things, (1) each of the then issued and outstanding shares of Class A ordinary shares, par value $0.0001 per share, of VGAC (the "VGAC Class A ordinary shares"), and Class B ordinary shares, par value $0.0001 per share, of VGAC, automatically converted, on a one-for-one basis, into shares of Class A common stock, par value $0.0001 per share, of New 23andMe (the "New 23andMe Class A Common Stock"); (2) each then issued and outstanding warrant of VGAC (the "VGAC warrants") automatically converted into a warrant to acquire one share of New 23andMe Class A Common Stock (the "New 23andMe Warrants"); and (3) each of the then issued and outstanding units of VGAC that had not been previously separated into the underlying VGAC Class A ordinary shares and underlying VGAC warrants upon the request of the holder thereof, were canceled and entitled the holder thereof to one share of New 23andMe Class A Common Stock and one-third of one New 23andMe Warrant.

On the Closing Date, as contemplated by the Merger Agreement and described in the section titled "*Business Combination Proposal*" beginning on page 89 of the Proxy Statement/Prospectus, New 23andMe consummated the merger transaction contemplated by the Merger Agreement, whereby Merger Sub merged with and into 23andMe, the separate corporate existence of Merger Sub ceased and 23andMe became the surviving corporation and a wholly owned subsidiary of New 23andMe (the "Merger" and, together with the Domestication, the "Business Combination").

Immediately prior to the effective time of the Merger, each share of 23andMe preferred stock, which consisted of the shares of (i) Series A preferred stock, par value $0.00001 per share, of 23andMe, (ii) Series B preferred stock, par value $0.00001 per share, of 23andMe, (iii) Series C preferred stock, par value $0.00001 per share, of 23andMe, (iv) Series D preferred stock, par value $0.00001 per share, of 23andMe, (v) Series E preferred stock, par value $0.00001 per share, of 23andMe, (vi) Series F preferred stock, par value $0.00001 per share, of 23andMe, and (vii) Series F-1 preferred stock, par value $0.00001 per share, of 23andMe, converted into one share of Class B common stock, par value $0.00001 per share, of 23andMe (the "23andMe Class B Common Stock") (such converted shares, the "23andMe Converted Preferred Shares").

As a result of and upon the closing of the Business Combination (the "Closing"), among other things, (i) each share of Class A common stock, par value $0.00001 per share, of 23andMe ("23andMe Class A Common Stock") (other than dissenting shares) was canceled and converted into the right to receive the applicable portion of the merger consideration comprised of shares of New 23andMe Class A Common Stock, as determined pursuant to the Share Conversion Ratio (as defined below), (ii) each share of 23andMe Class B Common Stock, including the 23andMe Converted Preferred Shares, (other than dissenting shares) was canceled and converted into the right to receive the applicable portion of the merger consideration comprised of Class B common stock, par value $0.0001 per share, of New 23andMe (the "New 23andMe Class B Common Stock"), as determined pursuant to the Share Conversion Ratio, and (iii) each restricted stock unit and outstanding option to purchase 23andMe Class A Common Stock and 23andMe Class B Common Stock (whether vested or unvested) was assumed by New 23andMe and converted into comparable restricted stock units and options that are exercisable for shares of New 23andMe Class A Common Stock, as applicable, with a value determined in accordance with the Share Conversion Ratio (and, with regard to options that are intended to qualify as "incentive stock options" under Section 422 of the Code, in a manner compliant with Section 424(a) of the Code). The "Share Conversion Ratio" is equal to 2.293698169.

Holders of 16,667,061 VGAC Class A ordinary shares elected to have their shares redeemed in connection with the Business Combination.

The foregoing description of the Business Combination does not purport to be complete and is qualified in its entirety by the full texts of the Merger Agreement, the First Amendment, and the Second Amendment, which are attached hereto as Exhibits 2.1, 2.2, and 2.3, respectively, and are incorporated herein by reference.

PIPE Investment

As previously announced, on February 4, 2021, concurrently with the execution of the Merger Agreement, VGAC entered into subscription agreements (the "Subscription Agreements") with certain investors (collectively, the "PIPE Investors") pursuant to, and on the terms and subject to the conditions of which, the PIPE Investors collectively subscribed for 25,000,000 shares of New 23andMe Class A Common Stock at $10.00 per share for aggregate gross proceeds of $250,000,000 (the "PIPE Investment"). One of the PIPE Investors is an affiliate of VG Acquisition Sponsor LLC ("Sponsor") that subscribed for 2,500,000 shares of New 23andMe Class A Common Stock and one of the PIPE Investors is an affiliate of New 23andMe that subscribed for 2,500,000 shares of New 23andMe Class A Common Stock. The PIPE Investment was consummated substantially concurrently with the Closing.

Immediately after giving effect to the Business Combination and the PIPE Investment, there were 92,655,484 shares of New 23andMe Class A Common Stock, 313,759,355 shares of New 23andMe Class B Common Stock, and 25,065,665 New 23andMe Warrants outstanding. New 23andMe Class A Common Stock and New 23andMe Warrants trade on The Nasdaq Global Select Market ("Nasdaq") under the symbols "ME" and "MEUSW," respectively.

Defined Terms

Terms used but not defined herein, or for which definitions are not otherwise incorporated by reference herein, shall have the meaning given to such terms in the Proxy Statement/Prospectus and such definitions are incorporated herein by reference.

As used hereafter in this Current Report on Form 8-K, unless otherwise stated or the context indicates otherwise, the terms the "Company," "Registrant," "we," "us" and "our" refer to 23andMe Holding Co. (formerly known as VG Acquisition Corp.), after giving effect to the Business Combination.

Item 1.01. Entry into a Material Definitive Agreement.

Indemnification Agreements

New 23andMe entered, and expects to continue to enter into, indemnification agreements with its directors, executive officers, and other employees as determined by its board of directors (the "Board"). Each indemnification agreement provides for indemnification and advancements by New 23andMe of certain expenses and costs, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director, officer, employee, or agent of New 23andMe or any of its subsidiaries or was serving at New 23andMe's request in an official capacity for another entity, to the fullest extent permitted by the laws of the state of Delaware.

The foregoing description of the indemnification agreements does not purport to be complete and is qualified in its entirety by the full text of the indemnification agreements, the form of which is attached hereto as Exhibit 10.7 and is incorporated herein by reference.

Amended and Restated Registration Rights Agreement

On the Closing Date, in connection with the consummation of the Business Combination and as contemplated by the Merger Agreement, New 23andMe entered into the Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") with the Sponsor and certain other initial stockholders

(collectively, with each other person who has executed and delivered a joinder thereto, the "RRA Parties"), pursuant to which the RRA Parties are entitled to registration rights in respect of certain shares of New 23andMe Class A Common Stock and certain other equity securities of New 23andMe that are held by the RRA Parties from time to time. The material terms of the Registration Rights Agreement are described in the section of the Proxy Statement/Prospectus beginning on page 93 titled "*Business Combination Proposal—Related Agreements—Amended and Restated Registration Rights Agreement*." Such description is qualified in its entirety by the text of the Registration Rights Agreement, which is included as Exhibit 10.4 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The disclosure set forth in the "*Introductory Note*" above is incorporated into this Item 2.01 by reference. On June 10, 2021, the Business Combination was approved by the shareholders of VGAC at the extraordinary general meeting of shareholders (the "Shareholder Meeting"). The Business Combination was completed on June 16, 2021.

FORM 10 INFORMATION

Item 2.01(f) of Current Report on Form 8-K states that if the registrant was formerly a shell company, as VGAC was immediately before the Business Combination, then following the closing of the transaction in which the registrant ceases to be a shell company, the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10. Accordingly, New 23andMe is providing the information below that would be included in a Registration Statement on Form 10 if it were to file such a Form 10. Please note that the information provided below relates to the combined company after the consummation of the Business Combination unless otherwise specifically indicated or the context otherwise requires.

Forward-Looking Statements

Certain statements in this Current Report on Form 8-K, or some of the information incorporated herein by reference, may be considered forward-looking statements. Forward-looking statements generally relate to future events or New 23andMe's future financial or operating performance, business strategy, and objectives of management for future operations. For example, statements about the benefits of the Business Combination, the competitive environment, and the expected future performance (including future revenue) and market opportunities of New 23andMe are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expect," "intend," "will," "estimate," "anticipate," "believe," "predict," "potential," or "continue," or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements. These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by New 23andMe and its management, as the case may be, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to: (1) the outcome of any legal proceedings that may be instituted against New 23andMe; (2) the ability to recognize the anticipated benefits of the Business Combination; (3) costs related to the Business Combination; (4) changes in applicable laws or regulations; (5) the possibility that New 23andMe may be adversely affected by other economic, business, and/or competitive factors; (6) the limited operating history of New 23andMe; (7) New 23andMe's business may not successfully expand into other markets, including therapeutics; (8) the possibility that COVID-19 may adversely affect the results of operations, financial position, and cash flows of New 23andMe; (9) New 23andMe's financial and business performance following the Business Combination, including financial projections and business metrics; and (10) other risks and uncertainties set forth in the section entitled "*Risk Factors*" beginning on page 26 of the Proxy Statement/Prospectus and incorporated herein by reference.

Nothing in this Current Report on Form 8-K should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. New 23andMe does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws.

Business

The business of New 23andMe is described in the Proxy Statement/Prospectus in the section entitled "*Information about 23andMe*" beginning on page 209, which is incorporated herein by reference.

Risk Factors

The risk factors related to the business and operations of New 23andMe and the Business Combination are set forth in the Proxy Statement/Prospectus in the section entitled "*Risk Factors*" beginning on page 26, which is incorporated herein by reference.

Audited Consolidated Financial Statements

The audited consolidated financial statements as of March 31, 2021 and 2020 and for the fiscal years ended March 31, 2021, 2020, and 2019 of 23andMe set forth in Exhibit 99.1 hereto have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and pursuant to the regulations of the SEC.

These audited consolidated financial statements should be read in conjunction with the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" included herein.

Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information as of and for the year ended March 31, 2021 is set forth in Exhibit 99.2 hereto.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that 23andMe management believes is relevant to an assessment and understanding of 23andMe's consolidated results of operations and financial condition. This discussion and analysis should be read together with 23andMe's audited consolidated financial statements and related notes as of March 31, 2021 and 2020 and for the fiscal years ended March 31, 2021, 2020 and 2019, which have been filed under Item 9.01 of this Current Report on Form 8-K.

This discussion and analysis should also be read together with "Information About 23andMe" and the unaudited pro forma condensed combined financial information as of and for the year ended March 31, 2021 included elsewhere (or incorporated by reference) in this Current Report. In addition to historical financial analysis, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions, as described under the heading "Forward-Looking Statements." Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" included elsewhere (or incorporated by reference) in this Current Report on Form 8-K. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "us," "our," and "the Company" are intended to mean the business and operations of 23andMe and its consolidated subsidiary.

Overview

23andMe's mission is to help people access, understand and benefit from the human genome.

We pioneered direct-to-customer genetic testing through our Personal Genome Service® ("PGS") products and services. Our PGS business provides customers with a full suite of genetic reports, including information on customers' genetic ancestral origins, personal genetic health risks, and chances of passing on certain rare carrier conditions to their children, as well as reports on how genetics can affect responses to medications. We believe that by providing customers with direct access to their genetic information, we can empower them to make better decisions by arming them with information about their risks of developing certain diseases or conditions and by highlighting opportunities for prevention and mitigation of disease. We provide customers with an engaging experience, including access to frequent updates to their genetic health and ancestry reports and new product features, the ability to connect with genetic relatives, and, as of October 2020, a subscription option for extended health insights. Customers have the option to participate in our research programs and to date, over 80% of our customers have done so. We analyze consenting customers' genotypic and phenotypic data to discover new insights into genetics.

Our Therapeutics business focuses on the use of genetic insights to validate and develop novel therapies to improve patients' lives. We currently have research programs across several therapeutic areas, including oncology, respiratory, and cardiovascular diseases. In July 2018, we signed an exclusive agreement with an affiliate of GlaxoSmithKline ("GSK") to leverage genetic insights to validate, develop and commercialize promising drugs, which we refer to as the GSK Agreement. This multi-year collaboration is expected to validate novel drug targets, enable rapid progression of clinical programs, and bring useful new drugs to market.

We operate in two reporting segments: Consumer & Research Services and Therapeutics. The Consumer & Research Services segment consists of our PGS business, as well as research services that we perform under agreements with third parties, including the GSK Agreement, relating to the use of our genotypic and phenotypic data to identify promising drug targets. The Therapeutics segment consists of revenues from the out-licensing of intellectual property associated with identified drug targets and expenses related to drug candidates under clinical development. Substantially all our revenues are derived from our Consumer & Research Services segment.

The table below reflects our revenue for the fiscal years ended March 31, 2021, 2020 and 2019 (dollars in thousands):

	Year Ended March 31,		
	2021	2020	2019
Consumer & Research Services Revenue	$243,866	$299,907	$437,919
Therapeutics Revenue	54	5,556	2,981
Total Revenue	$243,920	$305,463	$440,900

The table below reflects our two segments' Adjusted EBITDA (as defined below) for the fiscal years ended March 31, 2021, 2020 and 2019 (dollars in thousands).

	Year Ended March 31,		
	2021	2020	2019
Consumer & Research Services			
Adjusted EBITDA*	$ 12,796	$(65,845)	$(85,822)
Therapeutics			
Adjusted EBITDA*	$(58,734)	$(52,883)	$(31,776)

* Adjusted EBITDA is the measure of segment profitability reported to our Chief Executive Officer, 23andMe's chief operating decision-maker ("CODM"). We define Adjusted EBITDA as net income before net interest expense (income), other expense (income), depreciation and amortization of fixed assets, amortization of internal use software, non-cash stock-based compensation expense, and expenses related to restructuring and other charges, if applicable, for the period. See "*—Adjusted EBITDA*" below for a reconciliation of Adjusted EBITDA to net loss.

Recent Developments

COVID-19 Impact

We are closely monitoring the impact of the COVID-19 pandemic in all aspects of our business. We rely entirely on third-party vendors in our PGS supply chain, including our PGS kit and array manufacturers, order fulfillment vendor, and our DNA-processing lab vendor. These vendors have independent responses to managing the effect of the COVID-19 pandemic, and we have not experienced any disruptions in our ability to fulfill and process PGS orders to date. In our Therapeutics segment, the advancement of our programs requires that our scientists have physical access to our laboratory facilities on a continuing basis, and we have implemented health and safety protocols and procedures to keep our laboratory facilities operating during the COVID-19 pandemic.

We have taken other measures in response to the ongoing COVID-19 pandemic, including closing our offices and implementing a work from home policy for most of our workforce, suspending employee travel and in-person meetings at our facilities, and amplifying monitoring of our inventory levels and supply chain. We may take further actions that alter our business operations that we determine are in the best interests of our employees, customers, and stockholders or as may be required by federal, state, or local authorities.

To help our customers and others during the ongoing pandemic, we created an online COVID-19 Information Center, which contains data from the US Centers for Disease Control and our own COVID-19 research study that evaluated genetic differences in both susceptibility and severity of the disease. The site includes data from both sources, offers people a place to learn more about the virus, and highlights conditions that carry added risks.

Key Factors Affecting Results of Operations

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and included (or incorporated by reference) in the section of this Current Report on Form 8-K titled "*Risk Factors*."

New Customer Acquisition

Our ability to attract new customers is a key factor for the future growth of our PGS business and our database. Our historical financial performance has largely been driven by, and in the future will continue to be affected by, the rate of sales of our PGS kits. Revenue from our PGS business, primarily composed of kit sales, represented approximately 81%, 89% and 96% of our total revenues for the fiscal years ended 2021, 2020 and 2019, respectively. In addition, kit sales are a source of subscribers to our new subscription service. We expect kit sales and our new subscription service to grow as we increase awareness of our current and new offerings in existing markets, expand into new ones, and enhance our subscription service with new features.

Purchasing patterns of our kits are largely influenced by product innovation, marketing spend and varying levels of price discounting on our products. These promotional windows have typically aligned with gift-giving portions of the year, with an emphasis on the holiday period, other gift-giving and family-oriented holidays such as Mother's Day and Father's Day, and Amazon Prime Day, which may change from year to year. Historically, we have experienced higher revenue in the fourth quarter of the fiscal year compared to other quarters. Over time, we expect the seasonality of our business to continue, with pronounced increases in revenue recognized in the fourth quarter. We generally incur higher sales and marketing expenses during holiday promotional periods, which have included, among others, Mother's Day, Father's Day and the November-December holidays. The following table sets forth our PGS revenue by quarter for the most recent three fiscal years.

	Q1	Q2	Q3	Q4	Full Year
FY'19 PGS Revenue (000s)	**$119.5**	**$80.8**	**$75.8**	**$149.5**	**$ 425.5**
% of Year	*28%*	*19%*	*18%*	*35%*	*100%*
FY'20 PGS Revenue (000s)	**$ 66.1**	**$64.1**	**$57.0**	**$ 84.4**	**$ 271.6**
% of Year	*24%*	*24%*	*21%*	*31%*	*100%*
FY'21 PGS Revenue (000s)	**$ 34.7**	**$40.6**	**$44.1**	**$ 78.1**	**$ 197.5**
% of Year	*18%*	*21%*	*22%*	*39%*	*100%*

Engagement of Research Participants

Our ability to conduct research and grow our database depends on our customers' willingness to consent to participate in our research. Historically, approximately 80% of our customers have consented to participate in research. These customers permit us to use their de-identified data in our research and many of them regularly respond to our research surveys, providing us with phenotypic data in addition to the genetic data from their DNA samples. We analyze this genotypic and phenotypic data and conduct genome-wide association studies and phenome-wide association studies, which enable us to determine whether particular genetic variants affect the likelihood of individuals developing certain diseases.

Our customers can withdraw their consent at any time. If a significant number of our customers were to withdraw their consent, or if the percentage of consenting customers were to decline significantly in the future, our ability to conduct research successfully could be diminished, which could adversely affect our business.

Drug Target Productivity of Our Genetics Database

Our genetics database underpins our research programs and enables us to identify drug targets with novel genetic evidence. To date, we have identified over 40 drug targets. We expect the current productivity of our genetics database to continue based on the increasing amounts of data that we expect to result from increased kit sales and customer engagement. Any significant decline in such productivity would have a negative impact on our ability to identify drug targets and ultimately to develop and commercialize new drugs.

Development of Drug Candidates

Our ability to successfully identify and develop drug candidates will determine the success of our Therapeutics business over time. Developing drug candidates with novel genetic evidence requires a significant investment of resources over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. We currently have over 40 programs in our pipeline.

A majority of the product candidates in our pipeline are still in preclinical stage. We have incurred, and will continue to incur, significant research and development costs for preclinical studies and clinical trials. We expect that our research and development expenses will continue to constitute a significant portion of our expenses in future periods.

Collaborations

Substantially all of our research services revenues are generated from the GSK Agreement, which expires in fiscal 2023 unless extended by GSK into fiscal 2024. Additionally, all of our Therapeutics revenue for the fiscal years ended March 31, 2021, 2020 and 2019 were derived from our agreements with GSK and Almirall.

Our ability to enter into new collaboration agreements will affect our research services revenues. If we are unable to enter into additional collaboration agreements, our future research services revenue may decline.

Ability to Commercialize Our Therapeutics Products

Our ability to generate revenue from our product candidates depends on our and our collaborators' ability to successfully complete clinical trials for our product candidates and receive regulatory approval, particularly in the United States, Europe, and other major markets.

We believe that our broad portfolio of product candidates with both novel and validated targets enhances the likelihood that our research and development efforts will yield successful product candidates. Nonetheless, we cannot be certain if any of our product candidates will receive regulatory approvals. Even if such approvals are granted, we will thereafter need to establish manufacturing and supply arrangements and engage in extensive marketing effort and expenses prior to generating any revenue from such products. The ultimate commercial success of our products will depend on their acceptance by patients, the medical community and third-party payors and their ability to compete effectively with other therapies in the market.

The competitive environment is also an important factor with the commercial success of our product candidates, and our ability to successfully commercialize a product candidate will depend on whether there are competing product candidates in development or already marketed by other companies.

Expansion into New Categories

We launched our 23andMe+ subscription service in October 2020. We expect to expand into new categories with additional consumer offerings. Category expansion would allow us to increase the number of engaged customers who purchase or subscribe for additional products and services.

Success of our subscription service will depend upon our ability to acquire and retain subscribing customers over an extended period. Retention of customers will be based on the perceived value of the premium content and features they receive. If we are unable to provide sufficiently compelling new content and features, subscribers may not renew.

Investments in Growth and Innovation

We expect to continue investing in our business to capitalize on market opportunities and the long-term growth of our company. We intend to make significant investments in therapeutics research and development efforts and in marketing to acquire new customers and drive brand awareness, and also expect to incur software development costs as we work to enhance our existing products, expand the depth of our subscription service and design new offerings. In addition, we expect to incur additional expenses as a result of operating as a public company. The expenses we incur may vary significantly by quarter depending, for example, on when significant hiring takes place, and as we focus on building out different aspects of our business.

Basis of Presentation

The consolidated financial statements and accompanying notes of 23andMe as of March 31, 2021 and 2020 and for the fiscal years ended March 31, 2021, 2020 and 2019 include the accounts of 23andMe and its consolidated subsidiary, and were prepared in accordance with U.S. GAAP.

Key Business Metrics

We monitor the following key metrics to help us evaluate our business, identify trends, formulate business plans and make strategic decisions. We believe the following metrics are useful in evaluating our business:

- ***Customers.*** When we refer to our “Customers,” this means individuals who have registered a kit on our website. We view Customers as an important metric to assess our financial performance because each Customer has registered a kit and has engaged with us by providing us with their DNA sample. These Customers may be interested in purchasing additional PGS products and services or in becoming subscribers to our new 23andMe+ subscription service, especially if they consent to participate in our research. We had 11.3 million Customers as of March 31, 2021.
- ***Consenting Customers***. “Consenting Customers” are Customers who have affirmatively opted in to participate in our research program. Consenting Customers are critical to our research programs and to the continuing growth of our database, which we use to identify drug targets and to generate new and interesting additional ancestry and health reports. Moreover, Consenting Customers respond to our research surveys, providing useful phenotypic data about their traits, habits and lifestyles, which we analyze using de-identified data to determine whether a genetic variant makes an individual more or less likely to develop certain diseases. A Consenting Customer is likely to be more engaged with our brand, which may lead to the purchase of our 23andMe+ subscription service and to participation in further research studies, helping us to advance our research. Approximately 80% of our Customers are Consenting Customers who have elected to participate in our research program.

- ***Subscribers.*** This metric represents the number of subscribers who have signed up for our 23andMe+ subscription service, which was launched in October 2020. We believe that 23andMe+ will position us for future growth, as the annual membership model represents a previously untapped source of recurring revenue. We are continually investing in new reports and features to provide to subscribers as part of the 23andMe+ membership, which we believe will enhance customer lifetime value as customers can make new discoveries about themselves. We believe that this, in turn, will help to scale our customer acquisition costs and create expanding network effects. As of March 31, 2021, our 23andMe+ membership base has grown to approximately 125,000 subscribers.
- ***Adjusted EBITDA.*** Adjusted EBITDA is the measure of segment profitability reported to our Chief Executive Officer, the CODM. See "—*Adjusted EBITDA*" below for a reconciliation of Adjusted EBITDA to net loss.
- ***Validated Drug Targets***. We have seen a rapid acceleration in the discovery of genetically identified and biologically validated disease targets from the database and anticipate continued growth in the future. As of March 31, 2019, we had genetically identified and biologically validated five disease targets. As of March 31, 2020, that number increased, and we had genetically identified and biologically validated nine disease targets. As of March 31, 2021, we had genetically identified and biologically validated nineteen disease targets.

Components of Results of Operations

Revenue

We recognize revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, when we transfer promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Our consolidated revenue is composed primarily of sales of PGS kits to customers, as well as revenues from target discovery activities as part of our research collaborations through our Consumer & Research Services segment. Additionally, revenue is generated through our collaboration agreements in our Therapeutics segment primarily as a result of the out-licensing of intellectual property to collaboration partners.

See "—*Critical Accounting Policies and Estimates*" and "—*Revenue Recognition*" below for a more detailed discussion of our revenue recognition policy.

Cost of Revenue, Gross Profit, and Gross Margin

Cost of revenue for PGS primarily consists of cost of raw materials, lab processing fees, personnel-related expenses, including salaries, benefits and stock-based compensation, shipping and handling, and allocated overhead. Cost of revenue for research services primarily consists of personnel-related expenses, including salaries, benefits and stock-based compensation, and allocated overhead. We expect cost of revenue to increase in the foreseeable future in absolute dollars but gradually decrease as a percentage of revenue over the long term.

Our gross profit represents total revenue less our total cost of revenue, and our gross margin is our gross profit expressed as a percentage of our total revenue. Our gross profit and gross margin have been and will continue to be affected by a number of factors, including the volume of PGS kits sold, the prices we charge for our PGS products and research services, the fees we incur for lab processing PGS kits and revenues from our collaboration agreements. We expect our Consumer & Research Services gross margin to increase over the long term as subscription revenues become a higher percentage of revenue mix, although our gross margin may fluctuate from period to period. Substantially all our research services revenue is currently derived from the GSK Agreement. If we are unable to add new research services agreements, our research services revenue may decline substantially following the expiration of the GSK Agreement.

Operating Expenses

Our operating expenses primarily consist of research and development, sales and marketing, and general and administrative expenses. Personnel-related expenses, which include salaries, benefits and stock-based compensation, is the most significant component of research and development and general and administrative expenses. Advertising and brand-related spend and personnel related expenses represent the primary components of sales and marketing expenses. Operating expenses also include allocated overhead costs.

Research and Development Expenses

Our research and development expenses support our efforts to add new services, to add new features to our existing services, and ensure the reliability and scalability of our services. Research and development expenses primarily consist of personnel-related expenses, including salaries, benefits and stock-based compensation associated with our research and development personnel, collaboration expenses, laboratory services and supplies costs, third-party data services, and allocated overhead.

We plan to continue to invest in personnel to support our research and development efforts. We intend to make significant investments in therapeutics research and development efforts as we ramp up our clinical trials and the GSK collaboration. We expect that research and development expenses will increase on an absolute dollar basis in the foreseeable future as we continue to invest in our products, pipeline and infrastructure for long-term growth. In addition, our research and development expenses may fluctuate as a percentage of revenue from period to period due to the timing and amount of these expenses.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of advertising costs, personnel-related expenses, and outside services. Outside services are primarily related to sales consultants that support sales of PGS kits.

Advertising costs consist primarily of direct expenses related to television and radio advertising, including production and branding, paid search, online display advertising, direct mail, and affiliate programs. Advertising production costs are expensed the first time the advertising takes place, and all other advertising costs are expensed as incurred. Deferred advertising costs primarily consist of vendor payments made in advance to secure media spots across varying media channels, as well as production costs incurred before the first time the advertising takes place. Deferred advertising costs are expensed on the first date the advertisements occur.

We expect our sales and marketing expenses to gradually decrease as a percentage of revenue over the long term, although our sales and marketing expenses may fluctuate as a percentage of revenue from period to period due to promotional strategies that drive the timing and amount of these expenses.

General and Administrative Expenses

General and administrative expenses primarily consist of personnel-related expenses associated with corporate management, including our CEO office, finance, legal, compliance, regulatory and other administrative personnel. In addition, general and administrative expenses include professional fees for external legal, accounting and other consulting services, as well as credit card processing fees related to PGS kit sales.

We expect general and administrative expenses to increase for the foreseeable future as we increase headcount with the growth of our business. We also expect general and administrative expenses to increase in the near term as a result of operating as a public company, including expenses associated with compliance with SEC rules and regulations, and related increases in legal, audit, insurance, investor relations, professional services and other administrative expenses. However, we anticipate general and administrative expenses to gradually decrease as a percentage of revenue over the long term, although it may fluctuate as a percentage of total revenue from period to period due to the timing and amount of these expenses.

Restructuring and Other Charges

Restructuring and other charges consists of costs directly associated with exit or disposal activities. Such costs include employee severance and termination benefits, contract termination fees and penalties, impairment associated with long-lived assets, and other exit or disposal costs.

Interest and Other Income, Net

Interest and other income, net primarily consists of interest income earned on our cash deposits, and other non-operating income and expenditures.

Results of Operations

Comparisons for fiscal years ended March 31, 2021 and 2020

The following table sets forth our consolidated statement of operations for the fiscal years ended March 31, 2021 and 2020, and the dollar and percentage change between the two periods (dollars in thousands):

	Year Ended March 31,			
	2021	2020	$ Change	% Change
Revenue	$ 243,920	$ 305,463	$(61,543)	(20)%
Cost of revenue(1)(2)	126,914	168,031	(41,117)	(24)%
Gross profit	117,006	137,432	(20,426)	(15)%
Operating expenses:				
Research and development(1)(2)	159,856	181,276	(21,420)	(12)%
Sales and marketing(1)(2)	43,197	110,519	(67,322)	(61)%
General and administrative(1)(2)(3)	99,149	59,392	39,757	67%
Restructuring and other charges(1)	—	44,692	(44,692)	(100)%
Total operating expenses	302,202	395,879	(93,677)	(24)%
Loss from operations	(185,196)	(258,447)	73,251	(28)%
Interest and other income, net	1,577	7,584	(6,007)	(79)%
Net loss	$(183,619)	$(250,863)	$ 67,244	(27)%

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

	Year Ended March 31,	
	2021	2020
Cost of revenue	$ 858	$ 733
Research and development	21,771	16,524
Sales and marketing	4,081	3,988
General and administrative	59,986	18,932
Restructuring and other charges	—	881
Total stock-based compensation expense	$86,696	$ 41,058

(2) Includes stock-based compensation expense related to secondary sale transactions as follows:

	Year Ended March 31,	
	2021	2020
Cost of revenue	$ 2	$ 15
Research and development	48	2,510
Sales and marketing	9	360
General and administrative	1,670	895
Total stock-based compensation expense	$ 1,729	$ 3,780

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue for the periods indicated:

	Year Ended March 31,	
	2021	2020
	(as a percentage of total revenue)	
Revenue	100%	100%
Cost of revenue	52%	55%
Gross profit	48%	45%
Operating expenses:		
Research and development	65%	59%
Sales and marketing	18%	36%
General and administrative	41%	19%
Restructuring and other charges	0%	15%
Total operating expenses	124%	129%
Loss from operations	(76)%	(84)%
Interest and other income, net	1%	2%
Net loss	(75)%	(82)%

Revenue

Total revenue decreased by $61.5 million, or 20%, for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020. The decrease was due primarily to a decrease in consumer services revenue of $74.1 million, driven mainly by a reduction in the volume of PGS kit sales. This decrease resulted from a decline in consumer demand, reductions in advertising and brand-related expenditures due to our strategic decisions during fiscal year 2021 to decrease our marketing spending and discounting in an effort to reduce our losses, and further reductions in these expenditures due to our uncertainty about the impact of the pandemic on our business, along with our strategic decision to consolidate the sales channel network by terminating certain retail contracts at the end of fiscal year 2020. Additionally, for the fiscal year ended March 31, 2021, we realized minimal collaboration revenue in our Therapeutics segment, compared to revenues of $5.6 million for the fiscal year ended March 31, 2020 from out-licensing of intellectual property under our agreements with GSK and Almirall. These reductions in consumer service and collaboration revenues were partially offset by an $18.1 million increase in research services revenue due to the number of hours spent by our personnel on target discovery activities during the period under the GSK Agreement.

Cost of Revenue, Gross Profit and Gross Margin

Total cost of revenue decreased by $41.1 million, or 24%, for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020. The decrease in cost of revenue was due primarily to a $45.7 million reduction in costs related to consumer services revenue, driven mainly by a reduction in the volume of PGS kits sold during fiscal year ended March 31, 2021. This decrease was partially offset by a $4.6 million year-over-year increase in costs associated with drug target discovery activities under the GSK collaboration.

Our gross profit declined by $20.4 million, or 15%, to $117.0 million for the fiscal year ended March 31, 2021 from $137.4 million for the fiscal year ended March 31, 2020. The decrease in gross profit was primarily due to the decrease in consumer services revenue.

Our gross margin improved year over year, from 45% for the fiscal year ended March 31, 2020 to 48% for the fiscal year ended March 31, 2021, due to increased revenue from research services, which generates a higher gross margin than our consumer services revenue, as well as operating efficiencies.

Research and Development Expenses

	Year Ended March 31, 2021	Year Ended March 31, 2020	$ Change	% Change
	($ millions)			
Personnel-related expenses (salaries, benefits & stock-based compensation)	$ 85.5	$ 89.5	$ (4.0)	(4)%
Lab-related research services	34.3	40.2	(5.9)	(15)%
Facilities	20.0	23.2	(3.2)	(14)%
Depreciation, equipment and supplies	12.7	13.8	(1.1)	(8)%
Other	7.4	14.6	(7.2)	(49)%
Total	**$ 159.9**	**$ 181.3**	**$ (21.4)**	**(12)%**

Research and development expenses for the fiscal year ended March 31, 2021 amounted to $159.9 million, compared to $181.3 million for fiscal year ended March 31, 2020, representing a decrease of $21.4 million or 12%. The decrease in research and development expenses is primarily attributable to the $7.2 million decrease in other research and development expenses due to lower allocated overhead to Therapeutics resulting from savings due to our restructuring during fiscal year ending March 31, 2020. In addition, lab-related research services decreased $5.9 million, resulting from opting out of funding for a research program with GSK and termination of an internal program. Personnel-related expenses decreased $4.0 million and facilities expenses decreased $3.2 million due to decreased headcount in non-Therapeutics segment. We also had a $1.1 million decrease in depreciation, equipment and supplies, which was mainly driven by cloud computing service savings, partially offset by amortization of capitalized internal-use software.

Sales and Marketing Expenses

Sales and marketing expenses for the fiscal year ended March 31, 2021 amounted to $43.2 million, compared to $110.5 million for fiscal year ended March 31, 2020, representing a decrease of $67.3 million, or 61%. Sales and marketing expenses for the fiscal year ended March 31, 2021 consisted primarily of advertising and brand-related spend in our marketing programs of $16.2 million, personnel-related expenses of $14.5 million, outside services and supplies of $6.8 million, and facilities and other overhead allocation expenses of $5.7 million. Sales and marketing expenses for the fiscal year ended March 31, 2020 consisted primarily of advertising and brand-related spend in our marketing program of $71.9 million, personnel-related expenses of $20.3 million, outside services and supplies of $10.3 million, and facilities and other overhead allocation expenses of $8.0 million.

The decrease in sales and marketing expenses was primarily driven by $55.7 million reductions in advertising and brand-related spend in our marketing programs and a decrease in headcount in our sales and marketing function resulting in $5.7 million decrease in personnel expenses, as we made strategic decisions during fiscal year ended March 31, 2021 to decrease our marketing spending for PGS kit sales in an effort to reduce our costs. This decrease in marking spending also resulted in a $3.3 million decrease in outside services and a $2.4 million decrease in facilities expenses and other overhead allocation.

General and Administrative Expenses

General and administrative expenses for the fiscal year ended March 31, 2021 amounted to $99.1 million, which consisted primarily of personnel-related expenses of $75.6 million, of which $40.4 million is related to the incremental stock-based compensation expense resulting from the accelerated vesting of certain common shares previously purchased by our CEO upon the exercise of options. In addition, general and administrative expenses include facilities and other overhead allocation expenses of $8.5 million, outside services and other expenses of $11.0 million, as well as $4.0 million of other operating expenses primarily credit card processing fees related to PGS kit sales.

General and administrative expenses for the fiscal year ended March 31, 2020 amounted to $59.4 million, which consisted primarily of personnel-related expenses of $36.1 million. In addition, general and administrative expenses include facilities and other overhead allocation expenses of $9.7 million, outside services and other expenses of $8.7 million, as well as $4.9 million of other operating expenses primarily credit card processing fees related to PGS kit sales.

Total general and administrative expenses increased by $39.8 million, or 67%, for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020. The increase in general and administrative expense was due primarily to an increase of $39.2 million during fiscal year ended March 31, 2020 in personnel-related expenses that were mainly due to $40.4 million stock-based compensation expense adjustments arising from the accelerated vesting of certain unvested options held by our CEO, offset by $1.2 million decrease in other personnel-related expenses. We also incurred a $2.7 million increase in outside services and other expenses during

fiscal year 2021. These increases were partially offset by a $1.2 million decrease in facilities expenses and other overhead allocation and a $0.9 million decrease in other operating expenses consisting primarily of credit card processing fees related to the decrease in PGS kit sales.

Restructuring and Other Charges

We did not record any restructuring and other charges during the fiscal year ended March 31, 2021.

Restructuring and other charges for the fiscal year ended March 31, 2020 amounted to $44.7 million, which consisted primarily of impairment of long-lived assets of $33.9 million associated with the cease-use of our Phoenix, Arizona operating facility and the decision to sublease a significant portion of our Sunnyvale, California headquarters facility, employee severance and termination benefits of $5.5 million, contract termination fees and penalties of $3.0 million, a $1.5 million inventory write-off and $0.8 million in return-related fees as we consolidated the sales channel network by terminating certain retail contracts.

Interest and Other Income, Net

Interest and other income, net decreased by $6.0 million, or 79%, for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020, from $7.6 million in fiscal year 2020 to $1.6 million in fiscal year 2021. The decrease in interest and other income was primarily driven by the $6.0 million decrease in interest income due to the decreases in global interest rates.

Comparisons for fiscal years ended March 31, 2020 and 2019

The following table sets forth our consolidated statement of operations for the fiscal years ended March 31, 2020 and 2019, and the dollar and percentage change between the two periods (dollars in thousands):

	Year Ended March 31,			
	2020	2019	$ Change	% Change
Revenue	$ 305,463	$ 440,900	$(135,437)	(31)%
Cost of revenue(1)(2)	168,031	248,010	(79,979)	(32)%
Gross profit	137,432	192,890	(55,458)	(29)%
Operating expenses:				
Research and development(1)(2)	181,276	140,532	40,744	29%
Sales and marketing(1)(2)	110,519	190,848	(80,329)	(42)%
General and administrative(1)(2)	59,392	50,293	9,099	18%
Restructuring and other charges(1)	44,692	—	44,692	100%
Total operating expenses	395,879	381,673	14,206	4%
Loss from operations	(258,447)	(188,783)	(69,664)	37%
Interest and other income, net	7,584	5,250	2,334	44%
Net loss	$(250,863)	$(183,533)	$ (67,330)	37%

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

	Year Ended March 31,	
	2020	2019
Cost of revenue	$ 733	$ 740
Research and development	16,524	13,789
Sales and marketing	3,988	3,616
General and administrative	18,932	12,154
Restructuring and other charges	881	—
Total stock-based compensation expense	$41,058	$30,299

(2) Includes stock-based compensation expense related to secondary sale transactions as follows:

	Year Ended March 31,	
	2020	2019
Cost of revenue	$ 15	$ 4
Research and development	2,510	2,282
Sales and marketing	360	702
General and administrative	895	4,204
Total stock-based compensation expense	$ 3,780	$ 7,192

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue for the periods indicated:

	Year Ended March 31,	
	2020	2019
	(as a percentage of total revenue)	
Revenue	100%	100%
Cost of revenue	55%	56%
Gross profit	45%	44%
Operating expenses:		
Research and development	59%	32%
Sales and marketing	36%	43%
General and administrative	19%	11%
Restructuring and other charges	15%	0%
Total operating expenses	129%	86%
Loss from operations	(84)%	(42)%
Interest and other income, net	2%	1%
Net loss	(82)%	(41)%

Revenue

Total revenue decreased by $135.4 million, or 31%, for the fiscal year ended March 31, 2020 compared to the fiscal year ended March 31, 2019. The decrease was due primarily to a decrease in consumer services revenue of $153.9 million, driven mainly by a reduction in the volume of PGS kit sales resulting from a decline in consumer demand that resulted from reductions in advertising and brand-related expenditures, as we made strategic decisions during the fiscal year ended March 31, 2020 to decrease our marketing spending and discounting in an effort to reduce our losses. This reduction was partially offset by an $18.5 million year-over-year increase in revenue related to the GSK and Almirall collaborations.

Cost of Revenue, Gross Profit and Gross Margin

Total cost of revenue decreased by $80.0 million, or 32%, for the fiscal year ended March 31, 2020 compared to the fiscal year ended March 31, 2019. The decrease in cost of revenue was due primarily to an $88.1 million reduction in costs related to consumer services revenue, driven mainly by a reduction in the volume of PGS kits sold during fiscal year ended March 31, 2020. This decrease was partially offset by an $8.1 million year-over-year increase in costs associated with drug target discovery activities under the GSK collaboration commencing July 2018.

Our gross profit declined by $55.5 million, or 29%, to $137.4 million for the fiscal year ended March 31, 2020 from $192.9 million for the fiscal year ended March 31, 2019. The decrease in gross profit was primarily due to the decrease in revenue.

Our gross margin improved year over year, from 43.7% for the fiscal year ended March 31, 2019 to 45.0% for the fiscal year ended March 31, 2020, due to operating efficiencies in lab processing and increased revenue from research services, which generates a higher gross margin than our consumer services revenue.

Research and Development Expenses

	Year Ended March 31, 2020	Year Ended March 31, 2019	$ Change	% Change
	($ millions)			
Personnel-related expenses (salaries, benefits & stock-based compensation)	$ 89.5	$ 74.4	$ 15.1	20%
Lab-related research services	40.2	22.9	17.3	76%
Facilities	23.2	15.0	8.2	55%
Depreciation, equipment and supplies	13.8	10.7	3.1	29%
Other	14.6	17.5	(2.9)	(17)%
Total	$ 181.3	$ 140.5	$ 40.8	29%

Research and development expenses for the fiscal year ended March 31, 2020 amounted to $181.3 million, compared to $140.5 million for fiscal ended March 31, 2019, representing an increase of $40.8 million or 29%. The increase was primarily attributable to $17.3 million in additional lab-related research service costs from the ramp up of our GSK collaboration, including drug target discovery projects, and our internal Therapeutics' programs. The increase also resulted from an increase of $15.0 million in personnel-related expenses, including a $3.0 million increase in non-cash stock-based compensation, mainly driven by increased Therapeutics' headcount to support both GSK collaboration and internal projects. The increase of $8.2 million in facilities mainly resulted from moving our headquarters to Sunnyvale with some increase attributed to the expansion of our South San Francisco lab/office. We also had a $3.1 million net increase in depreciation, equipment, and supplies, mainly driven by increased cloud computing services and increased facilities' depreciation, partially offset by an increase in capitalization of internal-use software. Lower allocated overhead costs resulted in $2.9 million decrease in Other.

Sales and Marketing Expenses

Sales and marketing expenses for the fiscal year ended March 31, 2020 amounted to $110.5 million, compared to $190.9 million for fiscal year ended March 31, 2019, representing a decrease of $80.4 million. The fiscal year ended March 31, 2020 sales and marketing expenses consisted primarily of advertising and brand-related spend in our marketing program of $71.9 million, personnel-related expenses of $20.3 million, outside services and supplies of $10.3 million, and facilities and other overhead allocation expenses of $8.0 million. The fiscal year ended March 31, 2019 sales and marketing expenses consisted primarily of advertising and brand-related spend in our marketing program of $154.8 million, personnel-related expenses of $19.8 million, outside services and supplies of $10.3 million, and facilities and other overhead allocation expenses of $5.9 million.

The decrease in sales and marketing expense was due to an $82.8 million reduction in advertising and brand-related spend in our marketing program, based on targeted advertising spend. This decrease was partially offset by a $1.8 million increase in facilities and other overhead allocation expenses, due mainly to the new headquarters facilities lease.

General and Administrative Expenses

General and administrative expenses for the fiscal year ended March 31, 2020 amounted to $59.4 million, compared to $50.3 million for fiscal year ended March 31, 2019, representing an increase of $9.1 million, or 18%. The fiscal 2020 general and administrative expenses consisted primarily of personnel-related expenses of $36.1 million, including salaries, benefits and non-cash stock-based compensation associated with our general and administrative personnel. In addition, general and administrative expenses include facilities and other overhead allocation expenses of $9.7 million, outside services of $8.7 million and other operating expenses of $4.9 million consisting primarily of credit card processing fees related to PGS kit sales. The fiscal 2019 general and administrative expenses consisted primarily of personnel-related expenses of $28.5 million, including salaries, benefits and non-cash stock-based compensation associated with our general and administrative personnel. In addition, general and administrative expenses include facilities and other overhead allocation expenses of $5.8 million, outside services of $7.9 million and other operating expenses of $8.1 million consisting primarily of credit card processing fees related to PGS kit sales.

The increase in general and administrative expense was due primarily to an increase of $7.6 million during fiscal 2020 in personnel-related expenses that were mainly driven by increased headcount, including a $3.3 million increase in non-cash stock-based compensation expense and a $3.9 million increase in facilities and other overhead allocation expenses related to the new headquarters facilities lease. We also incurred a $0.8 million increase in outside services and other expenses during fiscal 2020. These increases were partially offset by a $3.2 million year-over-year decrease in other operating expenses consisting primarily of credit card processing fees related to the decrease in PGS kit sales.

Restructuring and Other Charges

Restructuring and other charges for the fiscal year ended March 31, 2020 primarily related to our restructuring plans approved in fiscal year ended March 31, 2020. Restructuring activities included a reduction in workforce, contract terminations related to certain retail and operating lease arrangements, resulting in impairment losses of operating lease ROU assets associated with disposition of the Phoenix, Arizona operating facility and square footage available for sublease at the Sunnyvale, California headquarters facility, as well as other exit or disposal costs. See Note 5 — "*Restructuring*" to our consolidated financial statements for details. We did not incur any restructuring and other charges for the fiscal year ended March 31, 2019.

Interest and Other Income, Net

Interest and other income, net increased by $2.3 million, or 44%, for the fiscal year ended March 31, 2020 compared to the fiscal year ended March 31, 2019, from $5.3 million in fiscal year ended March 31, 2019 to $7.6 million in fiscal year ended March 31, 2020. The increase was attributable to a $1.3 million increase in other non-operating income, and a $1.0 million increase in interest income.

Adjusted EBITDA

We evaluate the performance of each segment based on Adjusted EBITDA. Adjusted EBITDA is a key measure used by our management and the board of directors to understand and evaluate our operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operating plans. In particular, we believe that the exclusion of the items eliminated in calculating Adjusted EBITDA provides useful measures for period-to-period comparisons of our business. Accordingly, we believe that Adjusted EBITDA provides useful information in understanding and evaluating our operating results in the same manner as our management and our board of directors. Adjusted EBITDA should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures rather than net loss, which is the most directly comparable financial measure calculated in accordance with GAAP.

Some of the limitations of Adjusted EBITDA include (i) Adjusted EBITDA does not properly reflect capital commitments to be paid in the future, and (ii) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures. In evaluating Adjusted EBITDA, you should be aware that in the future we will incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider Adjusted EBITDA alongside other financial performance measures, including our net loss and other U.S. GAAP results.

The following tables reconcile net loss to Adjusted EBITDA for the fiscal year ended March 31, 2021, 2020 and 2019 on a company-wide basis and for each of our segments:

	Year Ended March 31,		
	2021	2020	2019
Segment Revenue			
Consumer & Research Services	$ 243,866	$ 299,907	$ 437,919
Therapeutics	54	5,556	2,981
Total revenue	$ 243,920	$ 305,463	$ 440,900
Segment Adjusted EBITDA			
Consumer & Research Services Adjusted EBITDA	$ 12,796	$ (65,845)	$ (85,822)
Therapeutics Adjusted EBITDA	(58,734)	(52,883)	(31,776)
Unallocated Corporate(1)	(30,587)	(28,460)	(23,793)
Total Adjusted EBITDA	$ (76,525)	$(147,188)	$(141,391)
Reconciliation of net loss to Adjusted EBITDA			
Net loss	$(183,619)	$(250,863)	$(183,533)
Adjustments:			
Interest (income), net	(255)	(6,244)	(5,269)
Other (income) expense, net	(1,322)	(1,340)	19
Depreciation and amortization	20,246	22,610	9,901
Stock-based compensation expense(2)	88,425	43,957	37,491
Restructuring and other charges(3)	—	44,692	—
Total Adjusted EBITDA	$ (76,525)	$(147,188)	$(141,391)

(1) Certain expenses such as Finance, Legal, Regulatory and Supplier Quality, and CEO Office are not reported as part of the reporting segments as reviewed by the CODM. These amounts are included in Unallocated Corporate.

(2) In fiscal year ended March 31, 2021, the Board of Directors modified option awards granted to the CEO, which accelerated the vesting of the common shares previously purchased by our CEO upon the exercise of such options. Stock-based compensation expense of $40.4 million was recorded to General and Administrative expenses which represented the recognition of the remaining unrecognized compensation expense associated with these grants as of the date of modification. No stock-based compensation awards were modified to accelerate vesting in the two prior years. See Note 10 of the notes to our consolidated financial statements for more information.

(3) In fiscal year ended March 31, 2020, we approved restructuring plans to achieve our strategic and financial objectives. Restructuring activities included a reduction in workforce, contract terminations related to certain retail and operating lease arrangements, resulting in impairment losses of operating lease ROU assets associated with disposition of the Phoenix, Arizona operating facility, as well as other exit or disposal costs. The restructuring and other charges also include $0.9 million of stock-based compensation expense due to extension of exercise periods of certain awards to terminated employees. In addition, the restructuring and other charges included impairment losses of $12.6 million to operating ROU assets associated with our operating lease at our Sunnyvale, California headquarters facility. These impairment losses resulted from our reduction in force, which reduced our need for space at our headquarters facility, and were calculated based on assumptions which took into account expected delays in our ability to secure a sublease tenant and reduced rents due to the impact of the pandemic. We have determined that these restructuring and other charges were incremental to our normal operations because they were related to the reduction in our workforce that occurred in the fourth fiscal quarter of 2020, resulting in superfluous space in our headquarters facility. We did not experience a workforce reduction in the two prior years, and we do not anticipate a further workforce reduction in the two-year period after the fourth fiscal quarter of 2020. See Note 5 of the notes to our consolidated financial statements for more information.

Liquidity and Capital Resources

To date, we have financed our operations primarily through sales of equity securities and revenue from sales of PGS and research services. Our primary requirements for liquidity and capital are to fund operating needs and capital expenditures.

As of March 31, 2021, our principal source of liquidity was our cash balance of $282.5 million. Since our inception, we have generated significant operating losses as reflected in our accumulated deficit and negative cash flows from operations. We had an accumulated deficit of $977.2 million as of March 31, 2021. Prior to the completion of Business Combination and PIPE Financing on June 16, 2021, we believe our existing cash resources were sufficient to continue operating activities for the next 12 months.

As of the date of this Current Report on Form 8-K, we believe our existing cash resources are sufficient to support planned operations for the next 12 months. We completed the Business Combination and PIPE Financing on June 16, 2021, pursuant to which we received gross proceeds of $342 million and $250 million, respectively. Management believes that its current financial resources are sufficient to continue operating activities for at least one year past the issuance date of the financial statements. Our future financing requirements will depend on many factors including our growth rate, the timing and extent of spending to support development of our platform

and the expansion of sales and marketing activities. Although we currently are not a party to any agreement and do not have any understanding with any third parties with respect to potential investments in, or acquisitions of, businesses or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

We expect to continue to incur operating losses and generate negative cash flows from operations for the foreseeable future due to the investments we intend to continue to make in research and development, and additional general and administrative costs we expect to incur in connection with operating as a public company. Cash from operations could also be affected from our customers and other risks detailed in the section titled "*Risk Factors*." We expect to continue to maintain financing flexibility in the current market conditions. As a result, we may require additional capital resources to execute strategic initiatives to grow our business.

Our future capital requirements will depend on many factors including our revenue growth rate, the timing, and extent of spending to support further sales and marketing and research and development efforts. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be materially and adversely affected.

Cash Flows

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

	Year Ended March 31,		
	2021	2020	2019
Net cash (used in) operating activities	$ (74,252)	$(185,766)	$ (98,117)
Net cash (used in) investing activities	(6,536)	(72,823)	(27,840)
Net cash provided by financing activities	155,335	8,830	344,448

Cash Flows from Operating Activities

Net cash used in operating activities of $74.3 million for the fiscal year ended March 31, 2021 was primarily related to a net loss of $183.6 million, partially offset by non-cash charges for stock-based compensation of $88.4 million and depreciation and amortization of $18.1 million. The net changes in operating assets and liabilities of $1.5 million were primarily related to a decrease in deferred revenue of $16.2 million as a result of reduced deferred revenue balance related to GSK, and a decrease in operating lease liabilities of $8.5 million primarily due to lease payments. These were offset by a decrease in operating lease right-of-use assets of $10.3 million due to right-of-use assets amortization and adjustment to the carrying amount of the right-of-use assets, a decrease in inventories of $7.9 million due to decreased purchase aligned with lower forecasted sales, a decrease in accounts receivable of $3.9 million, as well as a decrease in deferred cost of revenue of $1.2 million due to decrease in PGS kit sales, and a decrease in prepaid expenses and other current assets of $2.1 million due to decrease in deferred advertising and other receivables.

Net cash used in operating activities of $185.8 million for the fiscal year ended March 31, 2020 was primarily related to a net loss of $250.9 million, partially offset by non-cash charges for stock-based compensation of $44.8 million, depreciation and amortization of $22.6 million and impairment of long-lived assets of $33.9 million as a result of restructuring activities. The net changes in operating assets and liabilities of $36.3 million were primarily related to a decrease in accounts payable of $29.8 million due to the timing of payments, a decrease in deferred revenue of $35.3 million due to decrease in PGS kit sales, and a decrease in operating lease liabilities of $5.4 million due to lease payments. These were partially offset by an increase in accrued expenses and other current liabilities of $4.9 million as a result of restructuring activities, a decrease in accounts receivable of $4.2 million due to decrease in kit sales, a decrease in deferred cost of revenue of $7.2 million due to decrease in PGS kit sales, a decrease in prepaid expenses and other current assets of $3.4 million due to decrease in contract assets, deferred advertising and other receivables, a decrease in operating lease right-of-use assets of $14.6 million due to right-of-use assets amortization and adjustment to the carrying amount of the right-of-use assets as a result of tenant improvement allowance received for the office in Sunnyvale, California.

Net cash used in operating activities of $98.1 million for the fiscal year ended March 31, 2019 was primarily due to a net loss of $183.5 million, partially offset by non-cash charges for stock-based compensation of $37.5 million and depreciation and amortization of $9.9 million. The net changes in operating assets and liabilities of $38.0 million were primarily related to an increase in accounts payable of $5.3 million and accrued expenses and other current liabilities of $3.0 million due to timing of payments, an increase in deferred revenue of $15.5 million due to increases in deferred revenue related to GSK, a decrease in inventories of $12.5 million due to lower sales forecast, a decrease in deferred cost of revenue of $5.7 million due to slowdown of kit sales, and a decrease in operating lease right-of-use assets of $6.3 million due to amortization. These were partially offset by an increase in accounts receivable of $3.9 million due to increased receivables related to GSK and retailers, an increase in prepaid expenses and other current assets of $2.4 million due to increase in contract assets and other receivables, and a decrease in operating lease liabilities of $4.4 million due to lease payments.

Cash Flows from Investing Activities

Cash flows from investing activities primarily relate to purchase of property and equipment, as well as capitalization of internal-use software costs.

Net cash used in investing activities was $6.5 million for the fiscal year ended March 31, 2021, which consisted of purchases of property and equipment of $4.0 million and capitalization of internal-use software costs of $3.3 million, partially offset by proceeds from sale of property and equipment of $0.8 million.

Net cash used in investing activities was $72.8 million for the fiscal year ended March 31, 2020, which consisted of purchases of property and equipment of $68.4 million and capitalization of internal-use software costs of $5.2 million, partially offset by proceeds from sales of property and equipment of $0.8 million.

Net cash used in investing activities was $27.8 million for the fiscal year ended March 31, 2019, which consisted of purchases of property and equipment of $27.4 million and capitalization of internal-use software costs of $0.4 million.

Cash Flows from Financing Activities

Net cash provided by financing activities was $155.3 million for the fiscal year ended March 31, 2021, which consisted of $82.2 million in proceeds from the issuance of convertible preferred stock, net of issuance costs, and $76.2 million in proceeds from the exercise of stock options, which were partially offset by $3.1 million in payments of deferred offering costs.

Net cash provided by financing activities of $8.8 million for the fiscal year ended March 31, 2020 related entirely to proceeds from the exercise of stock options.

Net cash provided by financing activities was $344.5 million for the fiscal year ended March 31, 2019, which consisted of $272.3 million in proceeds from the issuance of convertible preferred stock, net of issuance costs, and $72.2 million in proceeds from the exercise of stock options.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and other commitments as of March 31, 2021, and the years in which these obligations are due (in thousands):

	Total	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years
Operating lease obligations(1)	$132,531	$12,567	$ 30,197	$ 25,346	$ 64,421
Non-cancelable purchase obligations(2)	67,338	13,968	30,283	23,087	—
Total contractual obligations	$199,869	$26,535	$ 60,480	$ 48,433	$ 64,421

(1) Our lease portfolio includes leased offices, dedicated lab facility and storage space, and dedicated data center facility space, all of which are accounted for as operating leases. Total payments listed represent total minimum future lease payments.
(2) Non-cancelable purchase commitments with various parties for inventory purchases and software subscription service.

Off-Balance Sheet Arrangements

Since the date of our incorporation, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, as well as related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Additionally, the COVID-19 pandemic has created, and may continue to create, significant uncertainty in macroeconomic conditions, and the extent of its impact on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on our customers and sales cycles. We considered the impact of COVID-19 on our estimates and assumptions and recorded impairment losses of $12.6 million to operating ROU assets associated with our operating lease in Sunnyvale, California on the consolidated financial statements for the period ended March 31, 2020. As events continue to evolve and additional information becomes available, our estimates and assumptions may change materially in future periods.

The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We recognize revenue from consumer services, including PGS, research services and therapeutics in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration that we expect to receive in exchange for these goods or services. We determine revenue recognition through the following five-step framework:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Consumer Services

We enter into a contract for consumer services once the customer accepts the terms of service and initiates the service by providing payment to us. The transaction price is the amount which we expect to be entitled to in exchange for providing services and is calculated as the selling price net of variable consideration which may include estimates for future returns and sales incentives. Consumer services is composed of five distinct performance obligations: initial ancestry reports, initial health reports, ancestry updates, health updates, and subscription service reports.

Initial reports are distinct from updates as customers can benefit from the information provided from the initial ancestry and health reports without the updates. Accordingly, subsequent updates are additive and, therefore, are separately identifiable. Transfer of control for both initial ancestry and initial health reports occur at the time the reports are uploaded to the customer's account and notification has been provided to the customer. Transfer of

control for ancestry and health report updates occurs over time by providing updates to a customer's reports and features after the initial upload of the ancestry and health reports. We began offering a subscription service in fiscal year ended March 31, 2021 where the customer can access additional health-related reports by paying an additional upfront payment for a specified term (currently one year). Transfer of control for these subscription-based reports occurs over time by providing content updates over the subscription term. The majority of consumer services revenue is recognized upon the initial transfer of ancestry and health reports to the customer. Upon sale of consumer services, deferred revenue is recorded for the net amount paid by the customer and is recognized after the customer returns the kit, the lab processes the sample, and the initial reports are uploaded to the customer's account, and the customer is notified.

In contracts with customers for consumer services, if the customer does not return the kit, services cannot be completed by the Company, potentially resulting in unexercised rights ("breakage") revenue. To estimate breakage, we assess customer contracts on a portfolio basis as opposed to individual customer contracts, due to the similarity of customer characteristics, at the sales channel level. We recognize the breakage amounts as revenue, proportionate to the pattern of revenue recognition of the returning kits in these respective sales channel portfolios. We estimate breakage for the portion of kits not expected to be returned using an analysis of historical data and consider other factors that could influence customer kit return behavior. We update the breakage rate estimate periodically and, if necessary, adjust the deferred revenue balance accordingly. If actual return patterns vary from the estimate, actual breakage revenue may differ from the amounts recorded. We recognized breakage revenue from unreturned kits of $24.1 million, $38.0 million and $57.0 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

Research Services

We enter into contracts with customers to provide research services with payments based on fixed-fee arrangements. Where fees are variable, we estimate the most likely amount we expect to receive in determining the transaction price, such that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When we enter into multiple contracts with a single counterparty, we evaluate the facts and circumstances to determine whether the contracts should be combined and accounted for as one arrangement or as separate arrangements. Transfer of control for research services occurs over time as the services are performed. We generally recognize revenue over time using an input method utilizing direct labor hours incurred as a percentage of total estimated hours to measure performance.

Therapeutics

Therapeutics consists of revenues from the out-licensing of intellectual property associated with identified drug targets related to drug candidates under clinical development.

Other Policies and Judgments

Contracts with customers for both consumer and research services contain multiple performance obligations that qualify as distinct performance obligations. We allocate revenue to each performance obligation based on the standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. If SSP is not directly observable, then SSP is estimated using judgment while considering all reasonably available information. To determine the SSP, we consider multiple factors including, but not limited to, third-party evidence for similar services, historical pricing, customer usage statistics, internal costs, gross margin objectives, independent valuations, and marketing and pricing strategies.

Stock-Based Compensation

The fair value of employee and non-employee stock options are determined on the grant date using the Black-Scholes option pricing model using various inputs, including the fair value of the underlying common stock, the expected term of the stock-based award, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of common stock. The assumptions used to determine the fair value of the stock-based awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

We recognize stock-based compensation cost on a straight-line basis over the requisite service period of the awards, which generally is the option vesting term. Forfeitures are accounted for as they occur.

Changes in the following assumptions can materially affect the estimate of fair value and ultimately how much stock-based compensation expense is recognized. These inputs are subjective and generally require significant analysis and judgment to develop.

- *Fair Value of Common Stock*. Given the absence of a public trading market during the fiscal years 2021, 2020, and 2019, our board of directors, with the input of management, considers numerous objective and subjective factors to determine the fair value of common stock at each meeting at which awards are approved. These factors include, but are not limited to, (i) our capital resources and financial condition; (ii) the rights and preferences held by our preferred stock classes relative to those of our common stock; (iii) the likelihood of achieving a liquidity event, such as an initial public offering; (iv) operational and financial performance and condition; (v) valuations of comparable companies; (vi) the status of our development, product introduction, and sales efforts; (vii) the lack of marketability of the common stock; and (viii) industry information.
- *Expected Term*. Expected term represents the period that options are expected to be outstanding. We determine the expected term using the simplified method based on the option's vesting term and contractual obligations.
- *Expected Volatility*. The volatility is derived from the average historical stock volatilities of a peer group of public companies that we consider to be comparable to our business over a period equivalent to the expected term of the share-based grants.
- *Risk-Free Interest Rate*. We derive the risk-free interest rate assumption from the United States Treasury's rates for the U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the awards being valued.
- *Dividend Yield*. We base the assumed dividend yield on its expectation of not paying dividends in the foreseeable future. Consequently, the expected dividend yield used is zero.

The Black-Scholes assumptions used in evaluating our awards are as follows:

	Year Ended March 31,		
	2021	2020	2019
Expected term (years)	4.0 - 6.1	5.0 - 6.1	5.0 - 6.3
Expected volatility	61% - 68%	53% - 62%	52% - 54%
Risk-free interest rate	0.2% - 0.5%	0.6% - 2.2%	2.5% - 3.1%
Expected dividend yield	0%	0%	0%

The variables used in these models are reviewed on each grant date and adjusted, as needed. As we continue to accumulate additional data related to our common stock valuations and assumptions used in the Black-Scholes model, we may refine our estimates of these variables, which could materially affect our future stock-based compensation expense.

Subsequent to the Business Combination, we will determine the fair value of the common stock underlying equity awards based on the closing price of our common stock as reported on the date of the grant.

Leases

Our lease portfolio consists of leased office space, dedicated lab facility space, and dedicated data center facility space, all of which are accounted for as operating leases. All lease arrangements are generally recognized at lease commencement. Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized at commencement based on the present value of fixed payments not yet paid over the lease term. Operating lease ROU assets represent our right to use an underlying asset during the reasonably certain lease term and operating lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received.

When considering the future lease payments to be included in the measurement of the operating lease liabilities, we include payments to be made in optional renewal periods only if it is reasonably certain to exercise the option, and will include periods covered by a termination option only if it is reasonably certain that it will not exercise such option. In addition, we elected not to utilize the hindsight practical expedient to determine the lease term for existing leases at adoption. We use the incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as our leases generally do not provide an implicit rate. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, in an economic environment where the leased asset is located.

Real estate leases of office facilities are the most significant leases held by us. For these leases, we have elected the practical expedient permitted under ASC 842 to account for the lease and non-lease components as a single lease component. As we enter into real estate leases, property tax, insurance, common area maintenance and utilities are generally variable lease payments that do not depend on an index or rate, and therefore, they are excluded from the lease liabilities and expensed as incurred in accordance with ASC 842. We reassess the lease term if and when a significant event or change in circumstances occurs within our control. None of our lease agreements contain significant residual value guarantees, restrictions, or covenants. We currently do not have any finance leases.

Income Taxes

We apply the provisions of ASC 740, *Income Taxes*. Under ASC 740, we account for our income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on temporary differences between the bases used for financial reporting and income tax reporting purposes. Deferred income taxes are provided based on the enacted tax rates and laws that will be in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more likely than not that we will not realize those tax assets through future operations.

We also utilize the guidance in ASC 740 to account for uncertain tax positions. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more likely than not of being realized and effectively settled. We consider many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately reflect actual outcomes. We recognize interest and penalties on unrecognized tax benefits as a component of provision for income taxes in the consolidated statements of operations.

Emerging Growth Company Status

The Company is an emerging growth company (“EGC”), as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). The JOBS Act permits companies with EGC status to take advantage of an extended transition period to comply with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. The Company has elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date the Company (i) is no longer an EGC or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with the new or revised accounting standards as of public company effective dates.

In addition, the Company intends to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an EGC, we intend to rely on such exemptions, we are not required to, among other things: (i) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act; (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board; and (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer’s compensation to median employee compensation.

The Company will remain an EGC under the JOBS Act until the earliest of (i) the last day of the fiscal year (a) following October 2, 2025, the fifth anniversary of the closing of the Company's initial public offering, (b) the year in which we have total annual gross revenue of at least $1.07 billion, or (c) the year in which we are deemed to be a large accelerated filer, which means the market value of the common equity of the Company that is held by non-affiliates exceeds $700 million as of the last business day of its most recently completed second fiscal quarter; or (ii) the date on which the Company has issued more than $1.00 billion in non-convertible debt securities during the prior three-year period.

Quantitative and Qualitative Disclosures About Market Risk

We have operations primarily within the United States and we are exposed to market risk 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. We do not believe that inflation has had a material effect on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

Interest Rate Risk

As of March 31, 2021 and 2020, we had cash of $282.5 million and $207.9 million, respectively. Cash consists of cash in banks and bank deposits, and is not subject to market risk. A hypothetical 10% change in interest rates during any of the period presented would not have had a material impact on our historical consolidated financial statements for the fiscal year period ended March 31, 2021, 2020 or 2019.

Foreign Exchange Rate Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Currently, substantially all of our revenue and expenses are denominated in U.S. dollars. Revenue and expenses are remeasured each day at the exchange rate in effect on the day the transaction occurred. Our results of operations and cash flows in the future may be adversely affected due to an expansion of non-U.S. dollar denominated contracts and changes in foreign exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical or current consolidated financial statements. To date, we have not engaged in any hedging strategies. As our international activities grow, we will continue to reassess our approach to manage the risk relating to fluctuations in currency rates.

Recent Accounting Pronouncements

See the section titled "*Summary of Significant Accounting Policies*" in Note 2 of the notes to our consolidated financial statements.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of New 23andMe Class A Common Stock and New 23andMe Class B Common Stock immediately following consummation of the Business Combination by:

- each person known by New 23andMe to be the beneficial owner of more than 5% of outstanding New 23andMe Class A Common Stock;
- each of New 23andMe's current named executive officers and directors; and
- all current executive officers and directors of New 23andMe as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she, or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days of June 16, 2021.

Unless otherwise indicated, New 23andMe believes that each person named in the table below has sole voting and investment power with respect to all shares of common stock beneficially owned by such person.

Name and Address of Beneficial Owners(1)	Number of Shares of New 23andMe Class A Common Stock(2)	%	Number of Shares of New 23andMe Class B Common Stock	%	% of Total Voting Power(3)
Directors and current named executive officers:					
Roelof Botha (4)(5)					
Director	18,442,574	4.54%	18,442,574	4.54%	5.71%
Patrick Chung (6)					
Director	1,141,824*		1,141,824*		*
Evan Lovell					
Director	—	—	—	—	—
Neal Mohan (7)					
Director	224,590*		—	—	*
Valerie Montgomery Rice					
Director	—	—	—	—	—
Richard Scheller (7)					
Director	262,819*		—	—	*
Peter Taylor					
Director	—	—	—	—	—
Anne Wojcicki (8)					
Chief Executive Officer and Director	102,453,219	25.21%	98,702,638	24.29%	30.67%
Steven Schoch (7)					
Chief Financial Officer	1,127,735*		—	—	*
Kathy Hibbs (7)					
Chief Legal and Regulatory Officer	1,717,169*		—	—	*
Kenneth Hillan (7)					
Head of Therapeutics	777,946*		—	—	*
Steve Lemon (7)					
Vice President, Engineering	1,733,663*		—	—	*
All directors and executive officers as a group (12 persons)	129,117,967	31.77%	118,287,035	29.10%	40.62%
Five Percent Holders:					
ABeeC 2.0, LLC (9)	98,702,638 (10)	24.29%	98,702,638	24.29%	30.56%
Entities affiliated with FMR, LLC (11)	31,457,339 (12)	7.74%	24,457,339	6.02%	7.79%
Entities affiliated with G Squared Equity Management LP (13)	35,087,384 (14)	8.63%	29,973,837	7.38%	9.44%
Glaxo Group Limited (15)	39,660,486 (16)	9.76%	39,660,486	9.76%	12.28%

* Less than 1%

1. The business address of each of Patrick Chung, Evan Lovell, Neal Mohan, Richard Scheller, Peter Taylor, Anne Wojcicki, Steven Schoch, Kathy Hibbs, Kenneth Hillan, and Steve Lemon is 223 North Mathilda Avenue, Sunnyvale, CA 94086.

2. The beneficial ownership of New 23andMe as of the Closing Date is based on (A) 92,655,484 shares of New 23andMe Class A Common Stock outstanding as of such date and (B) 313,759,355 shares of New 23andMe Class B Common Stock outstanding as of such date.

3. Percentage of total voting power represents voting power with respect to all shares of New 23andMe Class A Common Stock and New 23andMe Class B Common Stock, held beneficially as a single class. The holders of New 23andMe Class B Common Stock are entitled to ten votes per share, and holders of New 23andMe Class A Common Stock are entitled to one vote per share.

4. Includes (i) 624,136 shares of New 23andMe Class B shares held by Mr. Botha and (ii) 17,818,438 shares of New 23andMe Class B Common Stock held by Sequoia Capital Operations, LLC, which is an affiliate of the entities referred to in footnote 5 below. The business address for Mr. Botha is 2800 Sand Hill Road, Suite 101, Menlo Park, CA 94025.

5. Based upon information provided to 23andMe on June 15, 2021. Consists of (i) 3,670,314 shares of New 23andMe Class B Common Stock held by Sequoia Capital Global Growth Fund II, L.P. ("GGF II"); (ii) 55,143 shares of New 23andMe Class B Common Stock held by Sequoia Capital Global Growth II Principals Fund, L.P. ("GGF II PF"); (iii) 3,634,310 shares of New 23andMe Class B Common Stock held by Sequoia Capital Growth Fund III, L.P. ("GF III"); (iv) 6,135,652 shares of New 23andMe Class B Common Stock held by Sequoia Capital U.S. Growth Fund VII, L.P. ("GF VII"); (v) 3,818,329 shares of New 23andMe Class B Common Stock held by Sequoia Capital U.S. Growth Fund VIII, L.P. ("GF VIII"); and (vi) 504,692 shares of New 23andMe Class B Common Stock held by Sequoia Capital U.S. Growth VII Principals Fund, L.P. ("GF VII PF"). The business address of the above entities is 2800 Sand Hill Road, Suite 101, Menlo Park, CA 94025.

   SC US (TTGP), Ltd. is the general partner of SC Global Growth II Management, L.P., which is the general partner of each of GGF II and GGF II PF (collectively, the "GGF II Funds"), (ii) the general partner of SC U.S. Growth VII Management, L.P., which is the general partner of each of GF VII and GF VII PF (collectively, the "GF VII Funds"); and (iii) the general partner of SC U.S. Growth VIII Management, L.P., which is the general partner of GF VIII. SCGF III Management, LLC is the general partner of GF III, and, as a result, SCGF III Management, LLC may be deemed to share voting and dispositive power with respect to the shares held by GF III.

   The directors and stockholders of SC US (TTGP), Ltd. who exercise voting and investment discretion with respect to the GGF II Funds are Douglas M. Leone and Roelof Botha. As a result, and by virtue of the relationships described in this paragraph, each such person may be deemed to share voting and dispositive power with respect to the shares held by GGF II, as applicable. Mr. Leone and Mr. Botha expressly disclaim beneficial ownership of the shares held by the entities in this footnote 5.

6. Includes 1,059,223 shares of New 23andMe Class B Common Stock held by XFund 2, L.P. and 82,601 shares of New 23andMe Class B Common Stock held by XFund 2A, L.P. (together with XFund 2, L.P., "XFund") that are convertible into New 23andMe Class A Common Stock on a share-for-share basis. Mr. Chung may be deemed the beneficial owner of the 1,141,824 shares of New 23andMe Class B Common Stock because he serves as the Managing General Partner of XFund.

7. Includes the number of shares of New 23andMe Class A Common Stock that the executive officer and/or director has the right to acquire within 60 days of the Closing Date through the exercise of stock options.

8. Includes (i) 545,225 shares of New 23andMe Class A Common Stock held by Ms. Wojcicki, (ii) 98,702,638 shares of New 23andMe Class B Common Stock held by ABeeC 2.0, LLC (see footnotes 9 and 10 below) that are convertible into New 23andMe Class A Common Stock on a share-for-share basis, and (iii) and 2,500,000 shares of New 23andMe Class A Stock purchased in the PIPE Financing by the Anne Wojcicki Foundation, over which Ms. Wojcicki may be deemed to hold voting and dispositive power.

9. Anne Wojcicki may be deemed to hold voting and dispositive power over the shares held by ABeeC 2.0, LLC. The business address of ABeeC 2.0, LLC is 171 Main Street, Suite 259, Los Altos, CA, USA 94022.

10. Includes 98,702,638 shares of New 23andMe Class B Common Stock that are convertible into New 23andMe Class A stock on a share-for-share basis.

11. Based upon information provided to 23andMe on March 24, 2021. Consists of (i) 15,897,918 shares of New 23andMe Class B Common Stock held by Fidelity Contrafund; (ii) 2,300,439 shares of New 23andMe Class B Common Stock held by Fidelity Securities Fund; (iii) 396,606 shares New 23andMe Class B Common Stock held by Fidelity Select Portfolios: Pharmaceuticals; (iv) 134,310 shares of New 23andMe Class B Common Stock held by FIAM Target Date Blue Chip Growth Commingled Pool; (v) 43,516 shares of New 23andMe Class B Common Stock held by Fidelity Blue Chip Growth Commingled Pool; (vi) 746,053 shares of New 23andMe Class B Common Stock held by Fidelity Growth Company Commingled Pool; (vii) 3,206,519 shares of New 23andMe Class B Common Stock held by Fidelity Select Portfolios: Biotechnology; and (viii) 1,731,978 shares of New 23andMe Class B Common Stock held by Fidelity Mt. Vernon Street Trust.

    These accounts are managed by direct or indirect subsidiaries of FMR LLC. Abigail P. Johnson is a Director, the Chairman, the Chief Executive Officer, and the President of FMR LLC.

    Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders of FMR LLC have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

    Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act of 1940 (the "Fidelity Funds") advised by Fidelity Management & Research Company ("FMR Co"), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. FMR Co carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The business address for each person and entity named in this footnote is 245 Summer Street, Boston, Massachusetts 02110.

12. Includes 7,000,000 shares of New 23andMe Class A Common Stock purchased in the PIPE Financing by entities controlled by FMR LLC and 24,457,339 shares of New 23andMe Class B Common Stock (described in footnote 10 above) that are convertible into New 23andMe Class A stock on a share-for-share basis.

13. Based upon information provided to 23andMe on March 29, 2021. Consists of (i) 1,861,313 shares of New 23andMe Class A Common Stock held by G Squared III LLC; (ii) 286,712 shares of New 23andMe Class A Common Stock held by G Squared III LLC, Series X-4; (iii) 479,578 shares of New 23andMe Class A Common Stock and 2,664,392 shares of New 23andMe Class B Common Stock held by G Squared IV, LP; (iv) 535,684 shares of New 23andMe Class A Common Stock and 2,976,096 shares of New 23andMe Class B Common Stock held by G Squared IV, SCSp; (v) 1,950,260 shares of New 23andMe Class A Common Stock and 21,985,154 of New 23andMe Class B Common Stock held by G Squared Opportunities Fund IV LLC; (vi) 917,479 shares of New 23andMe Class B Common Stock held by G Squared Opportunities Fund V LLC; (vii) 661,009 shares of New 23andMe Class B Common Stock held by G Squared Special Situations Fund LLC; and (viii) 769,705 shares of New 23andMe Class B Common Stock held by G Squared V, LP. Larry Aschebrook is the Managing Partner of G Squared Equity Management LP, the investment adviser to each of the aforementioned G Squared funds, and has sole voting and dispositive control over the shares held of record by such funds. The business address of G Squared Equity Management LP is 205 N Michigan Avenue, Suite 3770, Chicago, IL, USA 60601.

14. Includes 29,973,837 shares of New 23andMe Class B Common Stock (described above in footnote 12) that are convertible into New 23andMe Class A stock on a share-for-share basis.

15. The business address of Glaxo Group Limited is 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

16. Includes 39,660,486 shares of New 23andMe Class B Common Stock that are convertible into New 23andMe Class A stock on a share-for-share basis.

Directors and Executive Officers

New 23andMe directors and executive officers after the consummation of the Business Combination are described in the Proxy Statement/Prospectus in the section entitled "*Management of New 23andMe Following the Business Combination*" beginning on page 282 and that information is incorporated herein by reference. The information set forth in the section entitled "*Election of Director*" in Item 5.02 of this Current Report on Form 8-K is incorporated herein by reference.

In connection with the consummation of the Business Combination, each of VGAC's officers and directors ceased serving the company. Each of Roelof Botha, Patrick Chung, Evan Lovell, Neal Mohan, Richard Scheller, Ph.D., Peter Taylor, and Anne Wojcicki were elected to the Board in connection with the Business Combination. After the Closing, effective June 16, 2021, the Board appointed Ms. Wojcicki as the Chair of the Board.

Also effective June 16, 2021, the Board appointed Valerie Montgomery Rice to serve as a Class II director on the Board, with such term expiring at the 2023 annual meeting of stockholders. Additionally, the Board appointed Dr. Montgomery Rice to serve as the chair of the compensation committee of the Board.

The sixth president of Morehouse School of Medicine ("MSM") and the first woman to lead the freestanding medical institution, Dr. Montgomery Rice serves as both the President and Dean. A renowned infertility specialist and researcher, she most recently served as Dean and Executive Vice President of MSM, where she has served since 2011. Prior to joining MSM, Montgomery Rice held faculty positions and leadership roles at various health centers, including academic health centers. Notably, she was the founding director of the Center for Women's Health Research at Meharry Medical College. Dr. Montgomery Rice holds memberships in various organizations and participates on a number of boards, such as the following: member, National Academy of Medicine, the Association of American Medical Colleges Council of Deans, and the Horatio Alger Association and board of directors for The Metro Atlanta Chamber, Kaiser Permanente School of Medicine, The Nemours Foundation, UnitedHealth Group, Westside Future Fund, Josiah Macy Jr. Foundation, Headspace, Wellpath, and CARE. Dr. Montgomery Rice holds a bachelor's degree in chemistry from the Georgia Institute of Technology, a medical degree from Harvard Medical School, an honorary degree from the University of Massachusetts Medical School, and a Doctor of Humane Letters honorary degree from Rush University. The Board believes that Dr. Montgomery Rice is qualified to serve on the Board as she provides a valuable combination of experience at the highest levels of patient care and medical research, as well as organizational management and public health policy.

Dr. Montgomery Rice will be compensated pursuant to the Non-Employee Director Compensation Program (as defined below), under which she will receive an annual cash retainer of $40,000, the Initial Equity Award, and the first Annual Equity Award. Dr. Montgomery Rice also will receive $14,000 annually for her service as the chair of the compensation committee.

In connection with her appointment to the Board, New 23andMe entered into an indemnification agreement with Dr. Montgomery Rice. The information set forth in the section entitled "*Indemnification Agreements*" in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Director Independence

The listing standards of Nasdaq require that a majority of the Board be independent. The Board determined that each of Roelof Botha, Patrick Chung, Neal Mohan, Valerie Montgomery Rice, and Peter Taylor qualify as independent directors, as defined under Nasdaq listing rules.

Committees of the Board of Directors

Following the Closing, the standing committees of the Board consist of an audit committee and a compensation committee. The Board does not have a nominating and corporate governance committee.

Peter Taylor, Roelof Botha, and Patrick Chung serve on the audit committee of the Board. Each of the members of the audit committee satisfy the independence requirements of Nasdaq and the rules and regulations of the SEC applicable to audit committee members. Mr. Taylor is the chair of the audit committee and qualifies as an "audit committee financial expert" within the meaning of SEC regulations. The description of the audit committee included in the Proxy Statement/Prospectus in the section entitled "*Management of New 23andMe Following the Business Combination—Board Committees—Audit Committee*" beginning on page 289 is incorporated herein by reference.

Neal Mohan, Patrick Chung, and Valerie Montgomery Rice serve on the compensation committee of the Board. Dr. Montgomery Rice is the chair of the compensation committee. Each member of New 23andMe's compensation committee is independent under the rules and regulations of the SEC and Nasdaq listing standards applicable to compensation committee members and a "non-employee director" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The description of the compensation committee included in the Proxy Statement/Prospectus in the section entitled "*Management of New 23andMe Following the Business Combination—Board Committees—Compensation Committee*" beginning on page 290 is incorporated herein by reference.

Executive and Director Compensation

The Executive and Director Compensation of 23andMe is described in the Proxy Statement/Prospectus in the section entitled "*Executive and Director Compensation of 23andMe*" beginning on page 275, which is incorporated herein by reference.

Equity Incentive Plan

At the Shareholder Meeting, the shareholders of VGAC approved the 23andMe Holding Co. 2021 Incentive Equity Plan (the "Incentive Equity Plan"). The description of the Incentive Equity Plan set forth in the Proxy Statement/Prospectus section entitled "*Incentive Equity Plan Proposal*" beginning on page 136, as amended and restated by the supplement to the Proxy Statement/Prospectus filed by VGAC on May 21, 2021, is incorporated herein by reference. A copy of the full text of the Incentive Equity Plan is filed as Exhibit 10.5 to this Current Report on Form 8-K and is incorporated herein by reference. New 23andMe expects that the Board will make grants of awards under the Incentive Equity Plan to eligible participants.

Employee Stock Purchase Plan

At the Shareholder Meeting, the shareholders of VGAC approved the 23andMe Holding Co. Employee Stock Purchase Plan (the "ESPP"). The description of the ESPP set forth in the Proxy Statement/Prospectus section entitled "*ESPP Proposal* " beginning on page 147 is incorporated herein by reference. A copy of the full text of the ESPP is filed as Exhibit 10.6 to this Current Report on Form 8-K and is incorporated herein by reference. New 23andMe expects that the Board will make grants of awards under the ESPP to eligible participants.

Director Compensation

The Board approved the following non-employee director compensation program (the "Non-Employee Director Compensation Program") that became effective upon the closing of the Business Combination.

Each non-employee director is eligible to receive annual cash retainers for their service on the Board and the Board's committees as follows. In addition, we reimburse reasonable expenses incurred by our non-employee directors in connection with attendance at Board or committee meetings.

Position	Retainer ($)
Board Member	40,000
Audit Committee Chair	20,000
Compensation Committee Chair	14,000
Audit Committee Member	10,000
Compensation Committee Member	7,000

The compensation committee will grant to each non-employee director who first becomes a member of the Board on or after the closing of the Business Combination an initial award of restricted stock units ("RSUs") valued at $350,000 (the "Initial Equity Award"), calculated based upon the trailing average closing price of a share of New 23andMe Class A Common Stock on Nasdaq for the ninety days preceding the date of grant (the "Value

Calculation"). The Initial Equity Award will be granted as soon as administratively practicable following the filing by New 23andMe of a registration statement on Form S-8 with respect to the Incentive Equity Plan, and will vest on a ratable annual basis over a three-year time period beginning on the initial date of Board service.

Further, in each year, the compensation committee will grant to each non-employee director who continues serving on the Board after New 23andMe's annual stockholder meeting an award of RSUs valued at $175,000 (the "Annual Equity Award"), determined in accordance with the Value Calculation. The first Annual Equity Award will be granted on the same date as the Initial Equity Grant and will vest on the earlier of the 2022 annual meeting of stockholders, or one year from the date of grant.

If a new non-employee director joins the Board on a date other than the date of the annual stockholder meeting, then such non-employee director will be granted a *pro rata* portion of the Annual Equity Award based on the period of service completed beginning on such non-employee director's appointment or election to the Board and ending on the date of the next occurring annual stockholder meeting.

All terms and conditions of the Initial Equity Award and Annual Equity Award will be subject to the Incentive Equity Plan and the applicable grant documentation. Both the Initial Equity Award and each Annual Equity Award will vest in full if New 23andMe is subject to a change in control prior to the termination of the non-employee directors' continuous service.

Certain Relationships and Related Transactions

The description of certain relationships and related transactions is included in the Proxy Statement/Prospectus in the section entitled "*Certain Relationships and Related Person Transactions*" beginning on page 296, which is incorporated herein by reference.

The information set forth in the section entitled "*Indemnification Agreements*" in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Legal Proceedings

The description of legal proceedings is included in the Proxy Statement/Prospectus in the section entitled "*Information about 23andMe—Legal Proceedings*" on page 250, which is incorporated herein by reference.

Market Price and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The New 23andMe Class A Common Stock and New 23andMe Warrants trade on Nasdaq under the symbols "ME" and "MEUSW," respectively, in lieu of the ordinary shares, warrants, and units of VGAC. New 23andMe has not paid any cash dividends on its shares of capital stock to date. It is the present intention of the Board to retain all earnings, if any, for use in New 23andMe's business operations and, accordingly, the Board does not anticipate declaring any dividends in the foreseeable future. The payment of cash dividends in the future will be dependent upon New 23andMe's revenue and earnings, if any, capital requirements, and general financial condition. The payment of any cash dividends is within the discretion of the Board. Further, the ability of New 23andMe to declare dividends may be limited by the terms of financing or other agreements entered into by it or its subsidiaries from time to time.

Recent Sales of Unregistered Securities

Information about unregistered sales of New 23andMe's equity securities is set forth under Item 3.02 of this Current Report on Form 8-K, which is incorporated herein by reference.

Description of Securities

A description of the New 23andMe Class A Common Stock, New 23andMe Class B Common Stock, preferred stock, and warrants is included in the Proxy Statement/Prospectus in the section entitled "*Description of New 23andMe Securities*" beginning on page 304, which is incorporated herein by reference.

Indemnification of Directors and Officers

The information set forth in the section entitled "*Indemnification Agreements*" in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference. Further information about the indemnification of New 23andMe's directors and officers is set forth in the Proxy Statement/Prospectus in the section titled "*Description of New 23andMe Securities—Limitations on Liability and Indemnification of Officers and Directors*" beginning on page 310 and is incorporated herein by reference.

Financial Statements, Supplementary Data, and Exhibits

The information set forth under Item 9.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.02. Unregistered Sales of Equity Securities.

The disclosure set forth in the "*Introductory Note*" above is incorporated herein by reference. The securities issued in connection with the Business Combination and PIPE Investment were not be registered under the Securities Act, in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act.

Item 5.01 Changes in Control of Registrant.

The information set forth above in the "*Introductory Note*" and Item 2.01 is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth above in the sections titled "*Directors and Executive Officers*," "*Director Independence*," "*Committees of the Board of Directors*," and "*Executive and Director Compensation*" in Item 2.01 is incorporated herein by reference. In addition, the Incentive Equity Plan and the ESPP became effective upon the Closing. The material terms of the Incentive Plan and the ESPP are described in the Proxy Statement/Prospectus in the sections entitled "*Incentive Equity Plan Proposal* " and "*ESPP Proposal*," respectively, which are incorporated herein by reference.

Item 5.05. Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics.

In connection with the Business Combination, on June 16, 2021, the Board approved and adopted a new Code of Business Conduct and Ethics applicable to all employees, officers, and directors of New 23andMe. A copy of the Code of Business Conduct and Ethics can be found in the Investors section of New 23andMe's website at https://investors.23andme.com/.

Item 5.06. Change in Shell Company Status.

As a result of the Business Combination, New 23andMe ceased being a shell company. The material terms of the Business Combination are described in the section entitled "*Business Combination Proposal*" of the Proxy Statement/Prospectus, and are incorporated herein by reference. Further, the information set forth in the "*Introductory Note*" and under Item 2.01 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited consolidated financial statements and related notes as of March 31, 2021 and 2020 and for the fiscal years ended March 31, 2021, 2020, and 2019 are filed as Exhibit 99.1 to this Current Report on Form 8-K and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information as of and for the year ended March 31, 2021 is filed as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

(c) Exhibits

Exhibit No.	Description
2.1†	Agreement and Plan of Merger, dated as of February 4, 2021, by and among VG Acquisition Corp., Chrome Merger Sub, Inc., and 23andMe, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-39587), filed with the SEC on February 4, 2021).
2.2	First Amendment to the Merger Agreement, dated as of February 13, 2021, by and among VG Acquisition Corp., Chrome Merger Sub, Inc., and 23andMe, Inc. (incorporated by reference to Exhibit 2.2 to the Registration Statement on Form S-4 (File No. 333-254772), filed with the SEC on May 13, 2021).
2.3	Second Amendment to the Merger Agreement, dated as of March 25, 2021, by and among VG Acquisition Corp., Chrome Merger Sub, Inc., and 23andMe, Inc. (incorporated by reference to Exhibit 2.3 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
4.1	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1 (File No. 333-248844), filed with the SEC on September 16, 2020).
4.2	Warrant Agreement, dated as of October 1, 2020, between VG Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-39587), filed with the SEC on October 6, 2020).
4.3	Certificate of Corporate Domestication of VG Acquisition Corp.
10.1	Sponsor Letter Agreement, dated as of February 4, 2021, by and among 23andMe, Inc., VG Acquisition Sponsor LLC, VG Acquisition Corp., Credit Suisse Securities (USA) LLC as representative of the several Underwriters named therein, the Insiders (as defined therein) and the Holders (as defined therein) (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-39587), filed with the SEC on February 4, 2021).
10.2	Form of Subscription Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-39587), filed with the SEC on February 4, 2021).
10.3†	Form of Support Agreement (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (Registration No. 001-39587), filed with the SEC on February 4, 2021).
10.4	Amended and Restated Registration Rights Agreement, dated as of June 16, 2021, by and among 23andMe Holding Co., VG Acquisition Sponsor LLC, and certain other initial stockholders.
10.5+	23andMe Holding Co. 2021 Incentive Equity Plan and forms of agreement thereunder.
10.6+	23andMe Holding Co. 2021 Employee Stock Purchase Plan.
10.7	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.8+	Offer Letter, dated as of February 16, 2014, by and between 23andMe, Inc. and Kathy Hibbs (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.9+	Offer Letter, dated as of February 1, 2019, by and between 23andMe, Inc. and Kenneth Hillan (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.10+	Offer Letter, dated as of October 14, 2010, by and between 23andMe, Inc. and Steve Lemon (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).

Exhibit No.	Description
10.11+	Offer Letter, dated as of March 27, 2018, by and between 23andMe, Inc. and Steve Schoch (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.12	Consulting Agreement, dated as of April 1, 2019, by and between 23andMe, Inc. and Richard Scheller, Ph.D. (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.13	Amendment No. 1 to Consulting Agreement, dated as of March 30, 2020, by and between 23andMe, Inc. and Richard Scheller, Ph.D. (incorporated by reference to Exhibit 10.13 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.14	Amendment No. 2 to Consulting Agreement, dated as of March 24, 2021, by and between 23andMe, Inc. and Richard Scheller, Ph.D. (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.15+	23andMe, Inc. 2006 Equity Incentive Plan (as Amended and Restated) (incorporated by reference to Exhibit 10.15 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.16+	Form of 23andMe, Inc. 2006 Stock Option Agreement (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.17††	Collaboration Agreement, dated as of July 24, 2018, by and between 23andMe, Inc. and GlaxoSmithKline Intellectual Property (No.3) Limited (incorporated by reference to Exhibit 10.17 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.18††	First Amendment to Collaboration Agreement, dated as of April 8, 2019, by and between 23andMe, Inc. and GlaxoSmithKline Intellectual Property (No.3) Limited (incorporated by reference to Exhibit 10.18 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.19††	Second Amendment to Collaboration Agreement, dated as of January 13, 2021, by and between 23andMe, Inc. and GlaxoSmithKline Intellectual Property (No. 3) Limited (incorporated by reference to Exhibit 10.19 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.20+	Form of 23andMe, Inc. Employee Invention Assignment and Confidentiality Agreement (incorporated by reference to Exhibit 10.20 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
10.21	Promissory Note dated April 5, 2021, issued by VG Acquisition Corp. to VG Acquisition Sponsor LLC (incorporated by reference to Exhibit 10.21 to the Registration Statement on Form S-4/A (File No. 333-254772), filed with the SEC on May 13, 2021).
21.1	List of Subsidiaries.
99.1	Audited Consolidated Financial Statements and Related Notes of 23andMe Holding Co. as of March 31, 2021 and 2020 and for the Fiscal Years Ended March 31, 2021, 2020 and 2019.
99.2	Unaudited Pro Forma Condensed Combined Financial Information of 23andMe Holding Co. at March 31, 2021.
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

+ Indicates management contract or compensatory plan or arrangement.

† Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

†† New 23andMe has redacted provisions or terms of this Exhibit pursuant to Regulation S-K Item 601(b)(10)(iv). New 23andMe agrees to furnish an unredacted copy of the Exhibit to the SEC upon its request.

SIGNATURE

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

23ANDME HOLDING CO.

By: /s/ Steven Schoch
Name: Steven Schoch
Title: Chief Financial and Accounting Officer

Dated: June 21, 2021

Delaware
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DOMESTICATION OF "VG ACQUISITION CORP.", FILED IN THIS OFFICE THE SIXTEENTH DAY OF JUNE, A.D. 2021, AT 2:30 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF DOMESTICATION IS THE SIXTEENTH DAY OF JUNE, A.D. 2021 AT 4:04 O'CLOCK P.M.

/s/ Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State

6006171 8100D

SR# 20212467978

Authentication: 203463409

Date: 06-16-21

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:30 PM 06/16/2021
FILED 02:30 PM 06/16/2021
SR 20212467978 - File Number 6006171

CERTIFICATE OF DOMESTICATION
OF
VG ACQUISITION CORP.

(Pursuant to Section 388 of the General
Corporation Law of the State of Delaware)

VG Acquisition Corp., a Cayman Islands exempted company limited by shares, which intends to domesticate as a Delaware corporation pursuant to this Certificate of Domestication (upon such domestication to be renamed "23andMe Holding Co.", and referred to herein after such time as the "Corporation"), does hereby certify to the following facts relating to the domestication of the Corporation in the State of Delaware:

1. The Corporation was originally incorporated on the 19th day of February, 2019 under the laws of the Cayman Islands.

2. The name of the Corporation immediately prior to the filing of this Certificate of Domestication is VG Acquisition Corp.

3. The name of the Corporation as set forth in the certificate of incorporation of the Corporation is 23andMe Holding Co.

4. The domestication of the Corporation shall be effective as of 4:04 pm, eastern time, on the date of filing of this Certificate of Domestication with the Secretary of State of the State of Delaware.

5. The jurisdiction that constituted the seat, siege social or principal place of business or central administration of the Corporation immediately prior to the filing of this Certificate of Domestication is the Cayman Islands.

6. The domestication has been approved in the manner provided for by the document, instrument, agreement or other writing, as the case may be, governing the internal affairs of VG Acquisition Corp. and the conduct of its business or by applicable non-Delaware law, as appropriate.

IN WITNESS WHEREOF, VG Acquisition Corp. has caused this Certificate of Domestication to be duly executed and acknowledged in its name and on its behalf by an authorized officer as of June 16, 2021.

VG ACQUISITION CORP.

By: /s/ James Cahillane
Name: James Cahillane
Title: Corporate Secretary

Exhibit 10.4

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

by and among

23ANDME HOLDING CO.,

and

THE STOCKHOLDERS THAT ARE SIGNATORIES HERETO

Dated as of June 16, 2021

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(continued)

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT, dated as of June 16, 2021 (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is made and entered into by and among (i) 23andMe Holding Co., a Delaware corporation domesticated from VG Acquisition Corp., a Cayman Islands exempted company (the "Company"), (ii) the stockholders of the Company party hereto (the "Stockholders") and (iii) any person or entity who hereafter becomes a party to this Agreement pursuant to Section 4.6 of this Agreement (each, a "Holder" and collectively with the Stockholders, the "Holders").

RECITALS:

WHEREAS, the Company, VGAC Merger Sub, a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), and 23andMe, Inc., a Delaware corporation ("23andMe"), have entered into an Agreement and Plan of Merger, dated as of February 4, 2021 (as amended from time to time on or prior to the date hereof, the "Merger Agreement"), pursuant to which Merger Sub has merged with and into 23andMe with 23andMe continuing as the surviving entity and a subsidiary of the Company (the "Merger");

WHEREAS, the Company and VG Acquisition Sponsor LLC, a Cayman Island limited liability company and a Stockholder (the "Sponsor") are parties to that certain Registration and Shareholder Rights Agreement, dated as of October 1, 2020 (the "Original Registration Rights Agreement"), which shall be amended and restated by this Agreement;

WHEREAS, following the closing of the Merger (the "Closing"), the Sponsor and the other Stockholders owned shares of Class A Common Stock, par value $0.0001 per share of the Company (the "Class A Common Stock"), Class A Common Stock Equivalents (as defined herein), shares of Class B Common Stock, par value $0.0001 per share of the Company (the "Class B Common Stock"), which are convertible on a share for share basis into shares of Class A Common Stock, and/or Class B Common Stock Equivalents (as defined herein);

WHEREAS, each of the Stockholders (other than the Sponsor, Corvina Holdings Limited and Anne Wojcicki Foundation) beneficially owns at least 5% of the Common Stock; and

WHEREAS, in connection with the Merger, the Company has agreed to provide the registration rights set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto hereby agree as follows:

Section 1. Certain Definitions. As used herein, the following terms shall have the following meanings:

"Additional Piggyback Rights" has the meaning ascribed to such term in Section 2.3(a).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with, such Person. For the purposes of this definition "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such

specified Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Holder.

"Agreement" has the meaning ascribed to such term in the Preamble.

"Automatic shelf registration statement" has the meaning ascribed to such term in Section 2.4.

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

"Business Day" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Claims" has the meaning ascribed to such term in Section 2.9(a).

"Class A Common Stock" has the meaning ascribed to such term in the recitals.

"Class A Common Stock Equivalents" means all shares of Class B Common Stock, all Class B Common Stock Equivalents, and all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject), shares of Class A Common Stock (including any note or debt security convertible into or exchangeable for shares of Class A Common Stock).

"Class B Common Stock" has the meaning ascribed to such term in the recitals.

"Class B Common Stock Equivalents" means all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject), shares of Class B Common Stock (including any note or debt security convertible into or exchangeable for shares of Class B Common Stock).

"Common Stock" means all shares existing or hereafter authorized of the Class A Common Stock and Class B Common Stock, and any class of common stock of the Company and any and all securities of any kind whatsoever which may be issued after the date hereof in respect of, or in exchange for, such shares of common stock of the Company pursuant to a merger, consolidation, stock split, stock dividend or recapitalization of the Company or otherwise.

"Company" has the meaning ascribed to such term in the Preamble.

"Confidential Information" has the meaning ascribed to such term in Section 4.15.

"Demand Exercise Notice" has the meaning ascribed to such term in Section 2.1(b)(i).

"Demand Registration" has the meaning ascribed to such term in Section 2.1(b)(i).

"Demand Registration Period" has the meaning ascribed to such term in Section 2.1(b)(i).

"Demand Registration Request" has the meaning ascribed to such term in Section 2.1(b)(i).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC issued under such Act, as they may from time to time be in effect.

"Expenses" means any and all fees and expenses incident to the Company's performance of or compliance with Section 2, including: (i) SEC, stock exchange, FINRA and all other registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the Nasdaq or on any other U.S. or non-U.S. securities market on which the Registrable Securities are listed or quoted, (ii) fees and expenses of compliance with state securities or "blue sky" laws of any state or jurisdiction of the United States or compliance with the securities laws of foreign jurisdictions and in connection with the preparation of a "blue sky" survey, including reasonable fees and expenses of outside "blue sky" counsel and securities counsel in foreign jurisdictions, (iii) word processing, printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and disbursements of counsel for the Company, (vii) with respect to each registration or underwritten offering, the reasonable fees and disbursements of one counsel for the Initiating Holder and one counsel for all other Participating Holder(s) collectively (selected by the holders of a majority of the Registrable Securities held by such other Participating Holder(s)), together in each case with any local counsel, provided that expenses payable by the Company pursuant to this clause (vii) shall not exceed (1) $150,000 for the first registration pursuant to this Agreement and (2) $100,000 for each subsequent registration, (viii) fees and disbursements of all independent public accountants (including the expenses of any opinion and/or audit/review and/or "comfort" letter and updates thereof) and fees and expenses of other Persons, including special experts, retained by the Company, (ix) fees and expenses payable to a Qualified Independent Underwriter (but expressly excluding any underwriting discounts and commissions), (x) fees and expenses of any transfer agent or custodian, (xi) any other fees and disbursements of underwriters, if any, customarily paid by issuers or sellers of securities, including reasonable fees and expenses of counsel for the underwriters in connection with any filing with or review by FINRA (but expressly excluding any underwriting discounts and commissions) and (xii) rating agency fees and expenses.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Initiating Holders" has the meaning ascribed to such term in Section 2.1(b)(i).

"Joinder Agreement" means a writing in the form set forth in Exhibit A hereto whereby a new Holder of Registrable Securities becomes a party to, and agrees to be bound, to the same extent as its transferor, as applicable, by the terms of this Agreement.

"Majority Participating Holders" means Participating Holders holding more than 50% of the Registrable Securities proposed to be included in any offering of Registrable Securities by such Participating Holders pursuant to Section 2.1 or Section 2.2.

"Manager" means the lead managing underwriter of an underwritten offering.

"Merger Agreement" has the meaning ascribed to such term in the Recitals.

"Merger Sub" has the meaning ascribed to such term in the Recitals.

"Minimum Threshold" means $50.0 million.

"Opt-Out Request" has the meaning ascribed to such term in Section 4.16.

"Participating Holders" means all Holders of Registrable Securities which are proposed to be included in any offering of Registrable Securities pursuant to Section 2.1 or Section 2.2.

"Person" means any individual, firm, corporation, company, limited liability company, partnership, trust, joint stock company, business trust, incorporated or unincorporated association, joint venture, governmental authority or other legal entity of any nature whatsoever.

"Piggyback Notice" has the meaning ascribed to such term in Section 2.2(a).

"Piggyback Shares" has the meaning ascribed to such term in Section 2.3(a)(ii).

"Postponement Period" has the meaning ascribed to such term in Section 2.1(c).

"Qualified Independent Underwriter" means a "qualified independent underwriter" within the meaning of FINRA Rule 5121.

"Registrable Securities" means (a) any shares of Class A Common Stock held by the Holders at any time (including those held as a result of, or issuable upon, the conversion or exercise of Class A Common Stock Equivalents) or any other equity security other than Class B Common Stock or Class B Common Stock Equivalents (including warrants to purchase shares of Class A Common Stock), whether now owned or acquired by the Holders at a later time, (b) any shares of Class A Common Stock or any other equity security other than Class B Common Stock or Class B Common Stock Equivalents (including warrants to purchase shares of Class A Common Stock) issued or issuable, directly or indirectly, in exchange for or with respect to the Common Stock or any other equity security (including warrants to purchase shares of Class A Common Stock) referenced in clause (a) above by way of stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, share exchange, consolidation or other reorganization and (c) any securities other than Class B Common Stock or Class B Common Stock Equivalents issued in replacement of or exchange for any securities described in clause (a) or (b) above. Class B Common Stock and Class B Common Stock Equivalents shall not constitute Registrable Securities hereunder. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the right to acquire, directly or indirectly, such Registrable Securities (including upon conversion, exercise or exchange of any equity interests but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected, and such Person shall not be required to convert, exercise or exchange such equity interests (or otherwise acquire such Registrable Securities) to participate in any registered offering hereunder until the closing of such offering. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (B) such securities shall have been disposed of in compliance with the requirements of Rule 144, (C) such securities have been sold in a public offering of securities or (D) such securities have ceased to be outstanding.

"Rule 144" have the meaning ascribed to such term in Section 4.2.

"SEC" means the U.S. Securities and Exchange Commission or such other federal agency which at such time administers the Securities Act.

"Section 2.3(a) Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3(b) Sale Number" has the meaning ascribed to such term in Section 2.3(b).

"Section 2.3(c) Sale Number" has the meaning ascribed to such term in Section 2.3(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC issued under such Act, as they may from time to time be in effect.

"Shelf Registrable Securities" has the meaning ascribed to such term in Section 2.1(a)(ii).

"Shelf Registration Statement" has the meaning ascribed to such term in Section 2.1(a)(i).

"Shelf Underwriting" has the meaning ascribed to such term in Section 2.1(a)(ii).

"Shelf Underwriting Initiating Holders" has the meaning ascribed to such term in Section 2.1(a)(ii).

"Shelf Underwriting Notice" has the meaning ascribed to such term in Section 2.1(a)(ii).

"Shelf Underwriting Request" has the meaning ascribed to such term in Section 2.1(a)(ii).

"Subsidiary" means any direct or indirect subsidiary of the Company on the date hereof and any direct or indirect subsidiary of the Company organized or acquired after the date hereof.

"Underwritten Block Trade" has the meaning ascribed to such term in Section 2.1(a)(ii).

"Valid Business Reason" has the meaning ascribed to such term in Section 2.1(c).

"WKSI" means a "well-known seasoned issuer" (as defined in Rule 405 of the Securities Act).

Section 2. Registration Rights.

2.1. Demand Registrations.

(a) (i) As soon as practicable but no later than thirty (30) calendar days following the closing of the Merger (the "Filing Date"), the Company shall prepare and file with the SEC a shelf registration statement under Rule 415 of the Securities Act (such registration statement, a "Shelf Registration Statement") covering the resale of all the Registrable Securities (determined as of two business days prior to such filing) on a delayed or continuous basis and shall use its commercially reasonable efforts to have such Shelf declared effective as soon as practicable after the filing thereof and no later than the earlier of (x) the ninetieth (90th) calendar day following the Filing Date if the Commission notifies the Company that it will "review" the Shelf Registration

Statement and (y) the tenth (10th) business day after the date the Company is notified in writing by the SEC that such Shelf Registration Statement will not be "reviewed" or will not be subject to further review. Such Shelf Registration Statement shall provide for the resale of the Registrable Securities included therein pursuant to any method or combination of methods legally available to, and requested by, any Holder named therein. The Company shall maintain the Shelf Registration Statement in accordance with the terms hereof, and shall prepare and file with the SEC such amendments, including post-effective amendments, and supplements as may be necessary to keep a Shelf Registration Statement continuously effective, available for use to permit all Holders named therein to sell their Registrable Securities included therein and in compliance with the provisions of the Securities Act until such time as there are no longer any Registrable Securities. In the event the Company files a Shelf Registration Statement on Form S-1, the Company shall use its commercially reasonable efforts to convert such Shelf Registration Statement to a Shelf Registration Statement on Form S-3 as soon as practicable after the Company is eligible to use Form S-3.

(ii) Subject to Section 2.1(c) and the provisions below with respect to the Minimum Threshold, following the expiration of any applicable lock-up agreement, each Holder (or Holders) shall have the right at any time and from time to time to elect to sell all or any part of its Registrable Securities pursuant to an underwritten offering pursuant to the Shelf Registration Statement by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration and the intended method of distribution thereof. The Holder or Holders shall make such election by delivering to the Company a written request (a "Shelf Underwriting Request") for such underwritten offering specifying the number of Registrable Securities that the Holder or Holders desire to sell pursuant to such underwritten offering (the "Shelf Underwriting"). With respect to any Shelf Underwriting Request, the Holder or Holders making such demand shall be referred to as the "Shelf Underwriting Initiating Holders". As promptly as practicable, but no later than two (2) Business Days after receipt of a Shelf Underwriting Request, the Company shall give written notice (the "Shelf Underwriting Notice") of such Shelf Underwriting Request to the Holders of record of other Registrable Securities registered on such Shelf Registration Statement ("Shelf Registrable Securities"). The Company, subject to Sections 2.3 and 2.6, shall include in such Shelf Underwriting (x) the Registrable Securities of the Shelf Underwriting Initiating Holders and (y) the Shelf Registrable Securities of any other Holder of Shelf Registrable Securities which shall have made a written request to the Company for inclusion in such Shelf Underwriting (which request shall specify the maximum number of Shelf Registrable Securities intended to be disposed of by such Holder) within five (5) days after the receipt of the Shelf Underwriting Notice. The Company shall, as expeditiously as possible (and in any event within fifteen (15) Business Days after the receipt of a Shelf Underwriting Request), but subject to Section 2.1(b), use its reasonable best efforts to effect such Shelf Underwriting. The Company shall, at the request of any Shelf Underwriting Initiating Holder or any other Holder of Registrable Securities registered on such Shelf Registration Statement, file any prospectus supplement or, if the applicable Shelf Registration Statement is an automatic shelf registration statement, any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by the Shelf Underwriting Initiating Holders or any other Holder of Shelf Registrable Securities to effect such Shelf Underwriting. Notwithstanding anything to the contrary in this Section 2.1(a)(ii), each Shelf Underwriting must include, in the aggregate, Registrable Securities having an aggregate market value of at least the Minimum Threshold (based on the

Registrable Securities included in such Shelf Underwriting by all Participating Holders). In connection with any Shelf Underwriting (including an Underwritten Block Trade), the Shelf Underwriting Initiating Holders shall have the right to designate the Manager and each other managing underwriter in connection with any such Shelf Underwriting or Underwritten Block Trade; provided that in each case, each such underwriter is reasonably satisfactory to the Company, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, if a Shelf Underwriting Initiating Holder wishes to engage in an underwritten block trade or similar transaction or other transaction with a 2-day or less marketing period (collectively, "Underwritten Block Trade") off of a Shelf Registration Statement, then notwithstanding the foregoing time periods, such Shelf Underwriting Initiating Holder only needs to notify the Company of the Underwritten Block Trade two (2) Business Days prior to the day such offering is to commence and the Holders of record of other Registrable Securities shall not be entitled to notice of such Underwritten Block Trade and shall not be entitled to participate in such Underwritten Block Trade.

(b) (i) At any time first anniversary of the Closing Date that a Shelf Registration Statement as required by Section 2.1(a) is not available for use by the Holders (a "Demand Registration Period") other than pursuant to Section 2.1(c), subject to this Section 2.1(b) and Sections 2.1(c) and 2.3) and the provisions below with respect to the Minimum Threshold, at any time and from time to time during such Demand Registration Period, each Holder (or Holders) shall have the right to require the Company to effect one or more registration statements under the Securities Act covering all or any part of its Registrable Securities by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration and the intended method of distribution thereof. Any such request by any Holder or Holders pursuant to this Section 2.1(b)(i) is referred to herein as a "Demand Registration Request," and the registration so requested is referred to herein as a "Demand Registration" (with respect to any Demand Registration, the Investor(s) making such demand for registration being referred to as the "Initiating Holders"). Subject to Section 2.1(c), the Holders shall be entitled to request (and the Company shall be required to effect) an unlimited number of Demand Registrations. The Company shall give written notice (the "Demand Exercise Notice") of such Demand Registration Request to each of the Holders of record of Registrable Securities in accordance with Section 2.2, and, subject to Sections 2.3 and 2.6, shall include in a Demand Registration (x) the Registrable Securities of the Initiating Holders and (y) the Registrable Securities of any other Holder of Registrable Securities which shall have made a written request to the Company for inclusion in such registration pursuant to Section 2.2. Notwithstanding anything to the contrary in this Section 2.1(b)(i), each Demand Registration must include, in the aggregate, Registrable Securities having an aggregate market value of at least the Minimum Threshold (based on the Registrable Securities included in such Demand Registration by all Holders participating in such Demand Registration). In connection with any Demand Registration, the Initiating Holder shall have the right to designate the Manager and each other managing underwriter in connection with any underwritten offering pursuant to such registration; provided that in each case, each such underwriter is reasonably satisfactory to the Company, which approval shall not be unreasonably withheld or delayed.

(ii) The Company shall, as expeditiously as possible, but subject to Section 2.1(c), use its reasonable best efforts to (x) file or confidentially submit with the SEC (no later than (A) sixty (60) days from the Company's receipt of the applicable Demand Registration

Request if the Demand Registration is on Form S-1 or similar long-form registration and or (B) thirty (30) days from the Company's receipt of the applicable Demand Registration Request if the Demand Registration is on Form S-3 or any similar short-form registration), (y) cause to be declared effective as soon as reasonably practicable such registration statement under the Securities Act that includes the Registrable Securities which the Company has been so requested to register for distribution in accordance with the intended method of distribution, and (z) if requested by the Initiating Holders, obtain acceleration of the effective date of the registration statement relating to such registration.

(c) Notwithstanding anything to the contrary in Section 2.1(a) or Section 2.1(b), the Shelf Underwriting and Demand Registration rights granted in Section 2.1 (a) and Section 2.1(b) are subject to the following limitations: (i) the Company shall not be required to cause a registration statement filed pursuant to Section 2.1(b) to be declared effective within a period of ninety (90) days after the effective date of any other registration statement of the Company filed pursuant to the Securities Act (other than a Form S-4, Form S-8 or a comparable form or an equivalent registration form then in effect); (ii) the Company shall not be required to effect more than three (3) Demand Registrations on Form S-1 or any similar long-form registration statement at the request of the Holders in the aggregate; (iii) if the Board, in its good faith judgment, determines that any registration of Registrable Securities or Shelf Underwriting should not be made or continued because it would materially and adversely interfere with any existing or potential financing, acquisition, corporate reorganization, merger, share exchange or other transaction or event involving the Company or any of its subsidiaries or would otherwise result in the public disclosure of information that the Board in good faith has a bona fide business purpose for keeping confidential (a "Valid Business Reason"), then (x) the Company may postpone filing or confidentially submitting a registration statement relating to a Demand Registration Request or a prospectus supplement relating to a Shelf Underwriting Request until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than forty five (45) days after the date the Board determines a Valid Business Reason exists or (y) if a registration statement has been filed or confidentially submitted relating to a Demand Registration Request or a prospectus supplement has been filed relating to a Shelf Underwriting Request, if the Valid Business Reason has not resulted in whole or in part from actions taken or omitted to be taken by the Company (other than actions taken or omitted with the consent of the Initiating Holder (not to be unreasonably withheld or delayed)), the Company may, to the extent determined in the good faith judgment of the Board to be reasonably necessary to avoid interference with any of the transactions described above, suspend use of or, if required by the SEC, cause such registration statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such registration statement until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than forty five (45) days after the date the Board determines a Valid Business Reason exists (such period of postponement or withdrawal under this clause (iv), the "Postponement Period"). The Company shall give written notice to the Initiating Holders or Shelf Underwriting Initiating Holders and any other Holders that have requested registration pursuant to Section 2.2 of its determination to postpone or suspend use of or withdraw a registration statement and of the fact that the Valid Business Reason for such postponement or suspension or withdrawal no longer exists, in each case, promptly after the occurrence thereof; provided, however, that the Company shall not be entitled to more than two (2) Postponement Periods during any twelve (12) month period.

Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to suspend use of, withdraw, terminate or postpone amending or supplementing any registration statement pursuant to clause (c)(iii) above, such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement. If the Company shall have suspended use of, withdrawn or terminated a registration statement filed under Section 2.1(b)(i) (whether pursuant to clause (c)(iii) above or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected a Demand Registration for the purposes of this Agreement and such request shall not count as a Demand Registration Request under this Agreement until the Company shall have permitted use of such suspended registration statement or filed a new registration statement covering the Registrable Securities covered by the withdrawn or terminated registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of suspension, withdrawal or postponement of a registration statement, the Company shall, not later than five (5) Business Days after the Valid Business Reason that caused such suspension, withdrawal or postponement no longer exists (but, with respect to a suspension, withdrawal or postponement pursuant to clause (c)(iii) above, in no event later than forty five (45) days after the date of the suspension, postponement or withdrawal), as applicable, permit use of such suspended registration statement or use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement in accordance with this Section 2.1 (unless the Initiating Holders or Shelf Underwriting Initiating Holders shall have withdrawn such request, in which case the Company shall not be considered to have effected a Demand Registration for the purposes of this Agreement and such request shall not count as a Demand Registration Request under this Agreement), and following such permission or such effectiveness such registration shall no longer be deemed to be suspended, withdrawn or postponed pursuant to clause (iv) of Section 2.1(c) above.

(d) No Demand Registration shall be deemed to have occurred for purposes of Section 2.1(b) (i) if the registration statement relating thereto (x) does not become effective, (y) is not maintained effective for a period of at least one hundred eighty (180) days after the effective date thereof or such shorter period during which all Registrable Securities included in such Registration Statement have actually been sold (provided, however, that such period shall be extended for a period of time equal to the period any Holder of Registrable Securities refrains from selling any securities included in such Registration Statement at the request of the Company or an underwriter of the Company), or (z) is subject to a stop order, injunction, or similar order or requirement of the SEC during such period, (ii) for each Initiating Holder, if less than seventy five percent (75%) of the Registrable Securities requested by such Initiating Holder to be included in such Demand Registration are not so included pursuant to Section 2.3, (iii) if the method of disposition is a firm commitment underwritten public offering and less than seventy five percent (75%) of the applicable Registrable Securities have not been sold pursuant thereto (excluding any Registrable Securities included for sale in the underwriters' overallotment option) or (iv) if the conditions to closing specified in any underwriting agreement, purchase agreement or similar agreement entered into in connection with the registration relating to such request are not satisfied (other than as a result of a default or breach thereunder by such Initiating Holder(s) or its Affiliates or are otherwise waived by such Initiating Holder(s)).

(e) Any Initiating Holder may withdraw or revoke a Demand Registration Request delivered by such Initiating Holder at any time prior to the effectiveness of such Demand Registration by giving written notice to the Company of such withdrawal or revocation and such Demand Registration shall have no further force or effect and such request shall not count as a Demand Registration Request under this Agreement.

2.2. Piggyback Registrations.

(a) If the Company proposes or is required to register any of its equity securities for its own account or for the account of any other shareholder under the Securities Act (other than pursuant to registrations on Form S-4 or Form S-8 or any similar successor forms thereto), the Company shall give written notice (the "Piggyback Notice") of its intention to do so to each of the Holders of record of Registrable Securities, at least five (5) Business Days prior to the filing of any registration statement under the Securities Act. Notwithstanding the foregoing, the Company may delay any Piggyback Notice until after filing a registration statement, so long as all recipients of such notice have the same amount of time to determine whether to participate in an offering as they would have had if such notice had not been so delayed. Upon the written request of any such Holder, made within five (5) days following the receipt of any such Piggyback Notice (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), the Company shall, subject to Sections 2.2(c), 2.3 and 2.6 hereof, use its reasonable best efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be registered under the Securities Act with the securities which the Company at the time proposes to register to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered, including, if necessary, by filing with the SEC a post-effective amendment or a supplement to the registration statement filed by the Company or the prospectus related thereto. There is no limitation on the number of such piggyback registrations which the Company is obligated to effect pursuant to the preceding sentence. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof. For the avoidance of doubt, this Section 2.2 shall not apply to any Underwritten Block Trade.

(b) Other than in connection with a Demand Registration or a Shelf Underwriting, at any time after giving a Piggyback Notice and prior to the effective date of the registration statement filed in connection with such registration, if the Company shall determine for any reason not to register or to delay registration of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (x) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 2.1, and (y) in the case of a determination to delay such registration of its equity securities, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities.

(c) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 by giving written

notice to the Company of its request to withdraw; provided, however, that such request must be made in writing prior to the earlier of the execution by such Holder of the underwriting agreement or the execution by such Holder of the custody agreement with respect to such registration or as otherwise required by the underwriters.

2.3. Allocation of Securities Included in Registration Statement.

(a) If any requested registration or offering made pursuant to Section 2.1 (including a Shelf Underwriting) involves an underwritten offering and the Manager of such offering shall advise the Company in good faith that, in its view, the number of securities requested to be included in such underwritten offering by the Holders of Registrable Securities, the Company or any other Persons exercising contractual registration rights ("Additional Piggyback Rights") exceeds the largest number of securities (the "Section 2.3(a) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Initiating Holders and the Majority Participating Holders, the Company shall include in such underwritten offering:

(i) first, all Registrable Securities requested to be included in such underwritten offering by the Holders thereof (including pursuant to the exercise of piggyback rights pursuant to Section 2.2); provided, however, that if the number of such Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such underwritten offering shall be allocated on a pro rata basis among all Holders (including each Initiating Holder) requesting that Registrable Securities be included in such underwritten offering (including pursuant to the exercise of piggyback rights pursuant to Section 2.2), based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion; and

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, any securities that the Company proposes to register for its own account, up to the Section 2.3(a) Sale Number; and (iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons other than Holders requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights ("Piggyback Shares"), based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(a) Sale Number.

(b) If any registration or offering made pursuant to Section 2.2 involves an underwritten primary offering on behalf of the Company and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such underwritten offering by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number of securities (the "Section 2.3(b) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Company, the Company shall include in such underwritten offering:

(i) first, all equity securities that the Company proposes to register for its own account; and

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such underwritten offering pursuant to the exercise of piggyback rights pursuant to Section 2.2(a), based on the aggregate number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion, up to the Section 2.3(b) Sale Number; and (iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that Piggyback Shares be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(b) Sale Number.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially requested by any Person(s) (other than a Holder) to whom the Company has granted registration rights which are not inconsistent with the rights granted in, and do not otherwise conflict with the terms of, this Agreement and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such underwritten offering exceeds the largest number of securities (the "Section 2.3(c) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Company, the Company shall include in such underwritten offering:

(i) first, the shares requested to be included in such underwritten offering shall be allocated on a pro rata basis among such Person(s) requesting the registration and all Holders requesting that Registrable Securities be included in such underwritten offering pursuant to the exercise of piggyback rights pursuant to Section 2.2(a), based on the aggregate number of securities or Registrable Securities, as applicable, then owned by each of the foregoing requesting inclusion in relation to the aggregate number of securities or Registrable Securities, as applicable, owned by all such Persons and Holders requesting inclusion, up to the Section 2.3(c) Sale Number; and

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that Piggyback Shares be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(c) Sale Number; and (iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, any equity securities that the Company proposes to register for its own account, up to the Section 2.3(c) Sale Number.

(d) If, as a result of the proration provisions set forth in clauses (a), (b) or (c) of this Section 2.3, any Holder shall not be entitled to include all Registrable Securities in an underwritten offering that such Holder has requested be included, such Holder may elect to withdraw such Holder's request to include Registrable Securities in the registration to which such underwritten offering relates or may reduce the number requested to be included; provided, however, that (x) such request must be made in writing prior to the earlier of such Holder's execution of the underwriting agreement or such Holder's execution of the custody agreement with respect to such registration and (y) such withdrawal or reduction shall be irrevocable and, after making such withdrawal or reduction, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal or reduction was made to the extent of the Registrable Securities so withdrawn or reduced.

2.4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect or cause the registration of and/or participate in any offering or sale of any Registrable Securities under the Securities Act as provided in this Agreement (or use reasonable best efforts to accomplish the same), the Company shall, as expeditiously as possible:

(a) prepare and file all filings with the SEC and FINRA required for the consummation of the offering, including preparing and filing with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable Securities in accordance with the intended method of disposition thereof, which registration form (i) shall be selected by the Company (except as provided for in a Demand Registration Request) and (ii) shall, in the case of a shelf registration, be available for the sale of the Registrable Securities by the selling Holders thereof and such registration statement shall comply as to form in all material respects with the requirements of the applicable registration form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its reasonable best efforts to cause such registration statement to become effective and remain continuously effective for such period as required by this Agreement (provided, however, that as far in advance as reasonably practicable before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or state "blue sky" laws of any jurisdiction, or any free writing prospectus related thereto, the Company will furnish to the Holders participating in the planned offering and to the Manager, if any, copies of all such documents proposed to be filed (including all exhibits thereto), which documents will be subject to their reasonable review and reasonable comment and the Company shall not file any registration statement or amendment thereto, any prospectus or supplement thereto or any free writing prospectus related thereto to which the Initiating Holders, the Majority Participating Holders or the underwriters, if any, shall reasonably object); provided, however, that, notwithstanding the foregoing, in no event shall the Company be required to file any document with the SEC which in the view of the Company or its counsel contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading;

(b) (i) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith and such free writing prospectuses and Exchange Act reports as may be necessary to keep such registration statement continuously effective for such period as required by this Agreement and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement, and any prospectus so supplemented to be filed pursuant to Rule 424 under the Securities Act, in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) provide notice to such sellers of Registrable Securities and the Manager, if any, of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate;

(c) furnish, without charge, to each Participating Holder and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, each free writing prospectus utilized in connection therewith, in each case, in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable laws of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) or free writing prospectus by each such Participating Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(d) use its reasonable best efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or state "blue sky" laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions (including keeping such registration or qualification in effect for so long as such registration statement remains in effect), except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (d), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) promptly notify each Participating Holder and each managing underwriter, if any: (i) when the registration statement, any pre-effective amendment, the prospectus or any prospectus supplement related thereto, any post-effective amendment to the registration statement or any free writing prospectus has been filed with the SEC and, with respect to the registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation

of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or state "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) of the existence of any fact of which the Company becomes aware which results in the registration statement or any amendment thereto, the prospectus related thereto or any supplement thereto, any document incorporated therein by reference, any free writing prospectus or the information conveyed at the time of sale to any purchaser containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading; and (vi) if at any time the representations and warranties contemplated by any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct in all material respects (unless otherwise qualified by materiality in which case such representations and warranties shall cease to be true and correct in all respects); and, if the notification relates to an event described in clause (v), unless the Company has declared that a Postponement Period exists, the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(f) comply (and continue to comply) with all applicable rules and regulations of the SEC (including maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders (including by way of filings with the SEC), as soon as reasonably practicable after the effective date of the registration statement (and in any event within forty-five (45) days, or ninety (90) days if it is a fiscal year, after the end of such twelve month period described hereafter), an earnings statement (which need not be audited) covering the period of at least twelve (12) consecutive months beginning with the first day of the Company's first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) (i) (A) use its reasonable best efforts to cause all such Registrable Securities covered by such registration statement to be listed on the principal securities exchange on which similar securities issued by the Company are then listed, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (B) if no similar securities are then so listed, use its reasonable best efforts to either cause all such Registrable Securities to be listed on a national securities exchange or to secure designation of all such Registrable Securities as a New York Stock Exchange "national market system security" within the meaning of Rule 11Aa2-1 of the Exchange Act or, failing that, secure New York Stock Exchange authorization for such shares and, without limiting the generality of the foregoing, take all actions that may be required by the Company as the issuer of such Registrable Securities in order to facilitate the managing underwriter's arranging for the registration of at least two market makers as such with respect to such shares with FINRA, and (ii) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including all corporate governance requirements;

(h) cause its senior management, officers and employees to participate in, and to otherwise facilitate and cooperate with the preparation of the registration statement and prospectus and any amendments or supplements thereto (including participating in meetings, drafting sessions, due diligence sessions and rating agency presentations) taking into account the Company's reasonable business needs;

(i) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement and, in the case of any secondary equity offering, provide and enter into any reasonable agreements with a custodian for the Registrable Securities;

(j) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Initiating Holder or the Majority Participating Holders or the underwriters shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (it being understood that the Holders of the Registrable Securities which are to be distributed by any underwriters shall be parties to any such underwriting agreement and may, at their option, require that the Company make for the benefit of such Holders the representations, warranties and covenants of the Company which are being made to and for the benefit of such underwriters);

(k) use its reasonable best efforts (i) to obtain opinions from the Company's counsel, including local and/or regulatory counsel, and a "comfort" letter and updates thereof from the independent public accountants who have certified the financial statements of the Company (and/or any other financial statements) included or incorporated by reference in such registration statement, in each case, in customary form and covering such matters as are customarily covered by such opinions and "comfort" letters (including, in the case of such "comfort" letter, events subsequent to the date of such financial statements) delivered to underwriters in underwritten public offerings, which opinions and letters shall be dated the dates such opinions and "comfort" letters are customarily dated and otherwise reasonably satisfactory to the underwriters, if any, and (ii) furnish to each Participating Holder and to each underwriter, if any, a copy of such opinions and letters addressed to such underwriter;

(l) deliver promptly to counsel for the Majority Participating Holders and to each managing underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by counsel for the Majority Participating Holders, by counsel for any underwriter participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by the Majority Participating Holders or any such underwriter, during regular business hours, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such counsel for the Majority Participating Holders, counsel for an underwriter, attorney, accountant or agent in connection with such registration statement;

(m) use its reasonable best efforts to prevent the issuance or obtain the prompt withdrawal of any order suspending the effectiveness of the registration statement, or the prompt lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction, in each case, as promptly as reasonably practicable;

(n) provide a CUSIP number for all Registrable Securities, not later than the effective date of the registration statement;

(o) use its reasonable best efforts to make available its senior management for participation in "road shows" and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the Company's reasonable business needs and the requirements of the marketing process) in the marketing of Registrable Securities in any underwritten offering;

(p) promptly prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial filing or confidential submission of such registration statement), and prior to the filing or use of any free writing prospectus, provide copies of such document to counsel for the Majority Participating Holders and to each managing underwriter, if any, and make the Company's representatives reasonably available for discussion of such document and make such changes in such document concerning the information regarding the Participating Holders contained therein prior to the filing thereof as counsel for the Majority Participating Holders or underwriters may reasonably request (provided, however, that, notwithstanding the foregoing, in no event shall the Company be required to file or confidentially submit any document with the SEC which in the view of the Company or its counsel contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading);

(q) furnish to counsel for the Majority Participating Holders and to each managing underwriter, without charge, upon request, at least one conformed copy of the registration statement and any post-effective amendments or supplements thereto, including financial statements and schedules, all documents incorporated therein by reference, the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus and prospectus supplement filed under Rule 424 under the Securities Act and all exhibits (including those incorporated by reference) and any free writing prospectus utilized in connection therewith;

(r) cooperate with the Participating Holders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement at least two (2) Business Days prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the Participating Holders at least two (2) Business Days prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof (and, in the case of Registrable Securities registered on a Shelf Registration Statement, at the request of any Holder, prepare and deliver certificates representing such Registrable Securities not bearing any restrictive legends and deliver or cause to be delivered an opinion or instructions to the transfer agent in order to allow such Registrable Securities to be sold from time to time);

(s) include in any prospectus or prospectus supplement if requested by any managing underwriter updated financial or business information for the Company's most recent period or current quarterly period (including estimated results or ranges of results) if required for purposes of marketing the offering in the view of the managing underwriter;

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will use its reasonable best efforts to make any such prohibition inapplicable;

(u) use its reasonable best efforts to cause the Registrable Securities covered by the applicable registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Participating Holders or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(v) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities;

(w) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 2.1 or 2.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) in connection with any underwritten offering, if at any time the information conveyed to a purchaser at the time of sale includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in the light of the circumstances, be misleading;

(y) to the extent required by the rules and regulations of FINRA, retain a Qualified Independent Underwriter acceptable to the managing underwriter; and

(z) use reasonable best efforts to cooperate with the managing underwriters, Participating Holders, any indemnitee of the Company and their respective counsel in connection with the preparation and filing of any applications, notices, registrations and responses to requests for additional information with FINRA, Nasdaq, or any other national securities exchange on which the shares of Class A Common Stock are listed.

To the extent the Company is a WKSI at the time any Demand Registration Request is submitted to the Company, the Company shall file an automatic shelf registration statement (as

defined in Rule 405 under the Securities Act) (an "automatic shelf registration statement") on Form S-3 which covers those Registrable Securities which are requested to be registered. The Company shall not take any action that would result in it not remaining a WKSI or would result in it becoming an ineligible issuer (as defined in Rule 405 under the Securities Act) during the period during which such automatic shelf registration statement is required to remain effective. If the Company does not pay the filing fee covering the Registrable Securities at the time the automatic shelf registration statement is filed, the Company agrees to pay such fee at such time or times as the Registrable Securities are to be sold in compliance with the SEC rules. If the automatic shelf registration statement has been outstanding for at least three (3) years, at or prior to the end of the third year the Company shall refile a new automatic shelf registration statement covering the Registrable Securities. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its reasonable best efforts to refile the shelf registration statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, and the Holders do not request that their Registrable Securities be included in such Shelf Registration Statement, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

The Company may require as a condition precedent to the Company's obligations under this Section 2.4 that each Participating Holder as to which any registration is being effected (i) furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request (including as required under state securities laws), provided that such information is necessary for the Company to consummate such registration and shall be used only in connection with such registration and (ii) provide any underwriters participating in the distribution of such securities such information as the underwriters may request and execute and deliver any agreements, certificates or other documents as the underwriters may request.

Each Holder of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (v) of paragraph (e) of this Section 2.4, such Holder will discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. In the event the Company shall give any such notice, the applicable period mentioned in paragraph (b) of this Section 2.4 shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each Participating Holder covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4.

The Company agrees not to file or make any amendment to any registration statement with respect to any Registrable Securities, or any amendment of or supplement to the prospectus, or any free writing prospectus, which amendment refers to any Holder covered thereby by name, or otherwise identifies such Holder, without the consent of such Holder, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law, in which case the Company shall provide written notice to such Holders no less than five (5) Business Days prior to the filing.

2.5. Registration Expenses.

(a) The Company shall pay all Expenses with respect to any registration or offering of Registrable Securities pursuant to Section 2, whether or not a registration statement becomes effective or the offering is consummated.

(b) Notwithstanding the foregoing, (x) the provisions of this Section 2.5 shall be deemed amended to the extent necessary to cause these expense provisions to comply with state "blue sky" laws of each state in which the offering is made and (y) in connection with any underwritten offering hereunder, each Participating Holder shall pay all underwriting discounts and commissions and any transfer taxes, if any, attributable to the sale of such Registrable Securities, pro rata with respect to payments of discounts and commissions in accordance with the number of shares sold in the offering by such Participating Holder.

2.6. Certain Limitations on Registration Rights. In the case of any registration under Section 2.1 involving an underwritten offering, or, in the case of a registration under Section 2.2, if the Company has determined to enter into an underwriting agreement in connection therewith, all securities to be included in such underwritten offering shall be subject to such underwriting agreement and no Person may participate in such underwritten offering unless such Person (i) agrees to sell such Person's securities on the basis provided therein and completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney) which must be executed in connection therewith; provided, however, that all such documents shall be consistent with the provisions hereof and (ii) provides such other information to the Company or the underwriter as may be necessary to register such Person's securities.

2.7. Limitations on Sale or Distribution of Other Securities.

(a) Each Holder that is a director or officer of the Company agrees, to the extent requested by the Manager of any underwritten public offering pursuant to a registration or offering effected pursuant to Section 2.1 (including any Shelf Underwriting pursuant to Section 2.1) or Section 2.2 (including any offering effected by the Company for its own account), not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144, any Class A Common Stock or Class A Common Stock Equivalents (other than as part of such underwritten public offering) during the time period reasonably requested by the Manager, not to exceed the period from seven days prior to the pricing date of such offering until ninety (90) days after the pricing date of such offering or such shorter period as the Manager, the Company or any executive officer or director of the Company shall agree to.

(b) The Company hereby agrees that, in connection with an offering pursuant to Section 2.1 (including any Shelf Underwriting pursuant to Section 2.1(e)) or 2.2, the Company shall not sell, transfer, or otherwise dispose of, any Class A Common Stock or Class A Common Stock Equivalent (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Class A Common Stock Equivalent), until a period from seven days prior to the pricing date of such offering until ninety (90) days after the pricing date of such offering or such shorter period as the Manager, the Company or any executive officer or director of the Company shall agree to and the Company shall so provide in any registration rights agreements hereafter entered into with respect to any of its securities.

2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement. A Holder is not required to include any of its Registrable Securities in any registration statement, is not required to sell any of its Registrable Securities which are included in any effective registration statement, and may sell any of its Registrable Securities in any manner in compliance with applicable law (subject to applicable lock-up restrictions) even if such shares are already included on an effective registration statement.

2.9. Indemnification.

(a) In the event of any registration or offer and sale of any securities of the Company under the Securities Act pursuant to this Section 2, the Company will (without limitation as to time), and hereby agrees to, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Participating Holder, its directors, officers, employees, stockholders, members, general and limited partners, agents, affiliates, representatives, successors and assigns (and the directors, officers, employees, stockholders, members, general and limited partners, agents, affiliates, representatives, successors and assigns thereof), each other Person who participates as a seller (and its directors, officers, employees, stockholders, members, general and limited partners, agents, affiliates, representatives, successors and assigns), underwriter or Qualified Independent Underwriter, if any, in the offering or sale of such securities, each officer, director, employee, stockholder, managing director, agent, affiliate, representative, successor, assign or partner of such underwriter or Qualified Independent Underwriter, and each other Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) such seller or any such underwriter or Qualified Independent Underwriter and each director, officer, employee, stockholder, managing director, agent, affiliate, representative, successor, assign or partner of such controlling Person, from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (including reasonable fees of counsel and any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, "Claims"), insofar as such Claims arise out of, are based upon, relate to or are in connection with (i) any untrue statement or alleged untrue statement of a

material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary, final or summary prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or any free writing prospectus utilized in connection therewith, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (iii) any untrue statement or alleged untrue statement of a material fact in the information conveyed by the Company or any underwriter to any purchaser at the time of the sale to such purchaser, or the omission or alleged omission to state therein a material fact required to be stated therein, or (iv) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to any action required of or inaction by the Company in connection with any such offering of Registrable Securities, and the Company will reimburse any such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary, final or summary prospectus or free writing prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such seller.

(b) Each Participating Holder (and, if the Company requires as a condition to including any Registrable Securities in any registration statement filed in accordance with Section 2.1 or 2.2, any underwriter and Qualified Independent Underwriter, if any) shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers and its directors, each Person controlling the Company within the meaning of the Securities Act and all other prospective sellers and their directors, officers, stockholders, fiduciaries, managing directors, agents, affiliates, representatives, successors, assigns or general and limited partners and respective controlling Persons with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or any free writing prospectus utilized in connection therewith, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Participating Holder or underwriter or Qualified Independent Underwriter, if any, specifically for use therein, and each such Participating Holder, underwriter or Qualified Independent Underwriter, if any, shall reimburse such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the aggregate amount which any such Participating Holder shall be required to pay pursuant to this Section 2.9 (including pursuant to indemnity, contribution or otherwise) shall in no case be greater than the

amount of the net proceeds received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim; provided, further, that such Participating Holder shall not be liable in any such case to the extent that prior to the filing or confidential submission of any such registration statement or prospectus or amendment thereof or supplement thereto, or any free writing prospectus utilized in connection therewith, such Participating Holder has furnished in writing to the Company information expressly for use in such registration statement or prospectus or any amendment thereof or supplement thereto or free writing prospectus which corrected or made not misleading information previously furnished to the Company. The Company and each Participating Holder hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such Participating Holders to the contrary, for all purposes of this Agreement, the only information furnished or to be furnished to the Company for use in any such registration statement, preliminary, final or summary prospectus or amendment or supplement thereto, or any free writing prospectus, are statements specifically relating to (i) the beneficial ownership of shares of Common Stock by such Participating Holder and its Affiliates as disclosed in the section of such document entitled “Selling Stockholders” or “Principal and Selling Stockholders” and (ii) the name and address of such Participating Holder. If any additional information about such Holder or the plan of distribution (other than for an underwritten offering) is required by law to be disclosed in any such document, then such Holder shall not unreasonably withhold its agreement referred to in the immediately preceding sentence. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each Participating Holder with respect to any required registration or other qualification of securities under any applicable securities and state “blue sky” laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially and actually prejudiced thereby and shall not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than under this Section 2.9. In case any action or proceeding is brought against an indemnified party and such indemnified party shall have notified the indemnifying party of the commencement thereof (as required above), the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to the indemnified party a conflict of interest between such indemnified and indemnifying parties exists in respect of such Claim, to assume the defense thereof jointly with any other indemnifying party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that (i) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within twenty (20) days after receiving

notice from such indemnified party that the indemnified party believes it has failed to do so; or (ii) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal or equitable defenses available to such indemnified party which are not available to the indemnifying party or which may conflict with or be different from those available to another indemnified party with respect to such Claim; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction, except to the extent any indemnified party or parties reasonably shall have made a conclusion described in clause (ii) or (iii) above) and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall be liable for any settlement of any proceeding effected without its written consent (which consent shall not be unreasonably withheld or delayed), but if settled with such consent or if there be a final judgment for the plaintiff, such indemnifying party agrees to indemnify each indemnified party from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (B) does not include a statement as to or an admission of fault or culpability, by or on behalf of any indemnified party.

(e) If for any reason the foregoing indemnity is unavailable, unenforceable or is insufficient to hold harmless an indemnified party under Sections 2.9(a), (b) or (c), then each applicable indemnifying party shall contribute to the amount paid or payable to such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such Claim. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if any contribution pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be

required pursuant to this Section 2.9(e) to contribute any amount greater than the amount of the net proceeds received by such indemnifying party from the sale of Registrable Securities pursuant to the registration statement giving rise to such Claim, less the amount of any indemnification payment made by such indemnifying party pursuant to Sections 2.9(b) and (c). In addition, no Holder of Registrable Securities or any Affiliate thereof shall be required to pay any amount under this Section 2.9(e) unless such Person or entity would have been required to pay an amount pursuant to Section 2.9(b) if it had been applicable in accordance with its terms.

(f) The indemnity and contribution agreements contained herein shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and shall remain operative and in full force and effect regardless of any investigation made or omitted by or on behalf of any indemnified party and shall survive the transfer of the Registrable Securities by any such party.

(g) The indemnification and contribution required by this Section 2.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

2.10. No Inconsistent Agreements. The Company shall not hereafter enter into any agreement with respect to its securities that is inconsistent in any material respects with the rights granted to the Holders in this Agreement.

Section 3. Underwritten Offerings.

3.1. Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering pursuant to a registration requested under Section 2.1, the Company shall enter into a customary underwriting agreement with the underwriters. Such underwriting agreement shall (i) be satisfactory in form and substance to the Initiating Holders and the Majority Participating Holders, (ii) contain terms not inconsistent with the provisions of this Agreement and (iii) contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of that type, including indemnities and contribution agreements on substantially the same terms as those contained herein or as otherwise customary for the lead underwriter. Every Participating Holder shall be a party to such underwriting agreement. Each Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than customary representations of a selling shareholder, including representations, warranties or agreements regarding its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement for indemnity, contribution or otherwise shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of Registrable Securities pursuant to such registration statement and in no event shall relate to anything other than information about such Holder specifically provided by such Holder for use in the registration statement and prospectus.

3.2. Piggyback Underwritten Offerings. In the case of a registration pursuant to Section 2.2, if the Company shall have determined to enter into an underwriting agreement in

connection therewith, all of the Participating Holders' Registrable Securities to be included in such registration shall be subject to such underwriting agreement. Each such Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than customary representations of a selling shareholder, including representations, warranties or agreements regarding its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of Registrable Securities pursuant to such registration statement and in no event shall relate to anything other than information about such Holder specifically provided by such Holder for use in the registration statement and prospectus.

Section 4. General.

4.1. Adjustments Affecting Registrable Securities. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all shares of capital stock of the Company, any successor or assign of the Company (whether by merger, share exchange, consolidation, sale of assets or otherwise) or any Subsidiary or parent company of the Company which may be issued in respect of, in exchange for or in substitution of, Registrable Securities and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof.

4.2. Rule 144. The Company covenants that (i) so long as it remains subject to the reporting provisions of the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act or the Exchange Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1)(i) of Rule 144 under the Securities Act, as such Rule may be amended ("Rule 144")) or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales by such Holder under Rule 144, or any similar rules or regulations hereafter adopted by the SEC, and (ii) it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144, or any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will promptly deliver to such Holder a written statement as to whether it has complied with such requirements.

4.3. Nominees for Beneficial Owners. If Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its option, be treated as the Holder of such Registrable Securities for purposes of any request or other action by any Holder or Holders of Registrable Securities pursuant to this Agreement (or any determination of any number or percentage of shares constituting Registrable Securities held by any Holder or Holders of Registrable Securities contemplated by this Agreement); provided, however, that the Company shall have received evidence reasonably satisfactory to it of such beneficial ownership.

4.4. Amendments and Waivers. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective against the Company

or any Holder unless such modification, amendment or waiver is approved in writing by the Company and the Holders holding a majority of the Registrable Securities then held by all Holders; provided that notwithstanding the foregoing, any amendment hereto or waiver hereof that adversely affects one Holder, solely in its capacity as a Holder of Registrable Securities, in a manner that is materially different from the other Holders (in such capacity) shall require the consent of the Holder so affected. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

4.5. Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) if personally delivered, on the date of delivery, (ii) if delivered by express courier service of national standing (with charges prepaid), on the Business Day following the date of delivery to such courier service, (iii) if deposited in the United States mail, first-class postage prepaid, on the fifth (5th) Business Day following the date of such deposit, (iv) if delivered by facsimile transmission, upon confirmation of successful transmission, (x) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a Business Day, and (y) on the next Business Day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient party, or is transmitted on a day that is not a Business Day, or (v) if via e-mail communication, on the date of delivery. All notices, demands and other communications hereunder shall be delivered as set forth below and to any subsequent holder of Stock subject to this Agreement at such address as indicated by the Company's records, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

if to the Company, to:

23andMe Holding Co.
223 North Mathilda Avenue
Sunnyvale, CA 94086
Attention: Kathy Hibbs,
Chief Legal and Regulatory Officer
Email: khibbs@23andme.com

if to any Holder, to the address set forth opposite the name of such Holder on the signature pages hereto or such other address indicated in the records of the Company.

4.6. Successors and Assigns. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and the respective successors, permitted assigns, heirs and personal representatives of the parties hereto, whether so expressed or not. This Agreement may not be assigned by the Company without the prior written consent of the Holders. No Holder shall have the right to assign all or part of its or his rights and obligations under this Agreement to any Person without the consent of the Company and unless such Person duly executes and delivers to the Company a Joinder Agreement. Upon

any such assignment, such assignee shall have and be able to exercise and enforce all rights of the assigning Holder which are assigned to it and, to the extent such rights are assigned, any reference to the assigning Holder shall be treated as a reference to the assignee. If any Holder shall acquire additional Registrable Securities, such Registrable Securities shall be subject to all of the terms, and entitled to all the benefits, of this Agreement. Additional Persons may become parties to this Agreement as Holders with the consent of the Company (not to be unreasonably withheld or delayed), by executing and delivering to the Company the Joinder Agreement.

4.7. Termination.

(a) The obligations of the Company and a Holder under this Agreement, in each case solely with respect to such Holder, will terminate upon the earlier of:

(i) the date on which such Holder no longer holds any Registrable Securities; or

(ii) the later of (A) the date on which such Holder no longer beneficially owns at least 1% of the then outstanding Class A Common Stock or Class A Common Stock Equivalents, and such Holder (notwithstanding any beneficial ownership of Class A Common Stock or Class A Common Stock Equivalents by such Holder) is not an Affiliate of the Company and (B) the date on which such the Holder is eligible to sell its Registrable Securities pursuant to Rule 144 (without limitation as to volume or manner of sale).

(b) This Agreement shall terminate on the date that is seven (7) years from date hereof.

(c) Notwithstanding clauses (a) and (b) above, Section 2.5, Section 2.9, Section 4.9 and Section 4.13 shall survive termination of this Agreement.

4.8. Entire Agreement. This Agreement and the other documents referred to herein or delivered pursuant hereto which form part hereof constitute the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.

4.9. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

(b) Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may be brought against any of the parties in the United States District Court for the Southern District of New York or any New York state court located in New York, New York, and each of the parties hereby consents to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

4.10. Interpretation; Construction.

(a) The table of contents and headings in this Agreement are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

4.11. Counterparts. This Agreement may be executed and delivered in any number of separate counterparts (including by facsimile or electronic mail), each of which shall be an original, but all of which together shall constitute one and the same agreement.

4.12. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

4.13. Specific Enforcement. It is agreed and understood that monetary damages would not adequately compensate an injured party for the breach of this Agreement by any party hereto and, accordingly, that this Agreement shall be specifically enforceable, in addition to any other remedy to which such injured party is entitled at law or in equity, and that any breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach or an award of specific performance is not an appropriate remedy for any reason at law or equity and agrees that a party’s rights would be materially and adversely affected if the obligations of the other parties under this Agreement were not carried out in accordance with the terms and conditions hereof. Each party further agrees that no party shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtain any remedy referred to in this Section 4.13, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

4.14. Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

4.15. Confidentiality. Each Holder agrees that any non-public information which they may receive relating to the Company and its Subsidiaries (the "Confidential Information") will be held strictly confidential and will not be disclosed by it to any Person without the express written permission of the Company; provided, however, that the Confidential Information may be disclosed (i) in the event of any compulsory legal process or compliance with any applicable law, subpoena or other legal process, as required by an administrative requirement, order, decree or the rules of any relevant stock exchange or in connection with any filings that the Holder may be required to make with any regulatory authority; provided, however, that in the event of compulsory legal process, unless prohibited by applicable law or that process, each Holder agrees (A) to give the Company prompt notice thereof and to cooperate with the Company in securing a protective order in the event of compulsory disclosure and (B) that any disclosure made pursuant to public filings will be subject to the prior reasonable review of the Company, (ii) to any foreign or domestic governmental or quasi-governmental regulatory authority, including any stock exchange or other self-regulatory organization having jurisdiction over such party, (iii) to each Holder's or its Affiliate's, officers, directors, employees, partners, accountants, lawyers and other professional advisors for use relating solely to management of the investment or administrative purposes with respect to such Holder and (iv) to a proposed transferee of securities of the Company held by a Holder; provided, however, that the Holder informs the proposed transferee of the confidential nature of the information and the proposed transferee agrees in writing to comply with the restrictions in this Section 4.15 and delivers a copy of such writing to the Company.

4.16. Opt-Out Requests. Each Holder shall have the right, at any time and from time to time (including after receiving information regarding any potential public offering), to elect to not receive any notice that the Company or any other Holders otherwise are required to deliver pursuant to this Agreement by delivering to the Company a written statement signed by such Holder that it does not want to receive any notices hereunder (an "Opt-Out Request"); in which case and notwithstanding anything to the contrary in this Agreement the Company and other Holders shall not be required to, and shall not, deliver any notice or other information required to be provided to Holders hereunder to the extent that the Company or such other Holders reasonably expect would result in a Holder acquiring material non-public information within the meaning of Regulation FD promulgated under the Exchange Act. An Opt-Out Request may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. A Holder who previously has given the Company an Opt-Out Request may revoke such request at any time, and there shall be no limit on the ability of a Holder to issue and revoke subsequent Opt-Out Requests; provided that each Holder shall use commercially reasonable efforts to minimize the administrative burden on the Company arising in connection with any such Opt-Out Requests.

4.17. Original Registration Rights Agreement. The Sponsor hereby agrees that upon execution of this Agreement by the Sponsor, the Original Registration Rights Agreement shall be automatically terminated and superseded in its entirety by this Agreement.

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

THE COMPANY:

23ANDME HOLDING CO.

By: /s/ Anne Wojcicki
Name: Anne Wojcicki
Title: CEO

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

VG ACQUISITION SPONSOR LLC

By: /s/ Clifton Struiken
Name: Clifton Struiken
Title: Alternate Director

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

ABeeC 2.0, LLC

By: /s/ Beth Maxwell-Lyons
[Signature]

Name: Beth Maxwell-Lyons
[Print Name of Signatory]

Title: Manager
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

FIDELITY SELECT PORTFOLIOS:
BIOTECHNOLOGY PORTFOLIO

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY CONTRAFUND:
FIDELITY SERIES OPPORTUNISTIC INSIGHTS FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY CONTRAFUND COMMINGLED POOL
By: Fidelity Management & Trust Co.

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY CONTRAFUND:
FIDELITY ADVISOR NEW INSIGHTS FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY CONTRAFUND:
FIDELITY CONTRAFUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY CONTRAFUND:
FIDELITY FLEX OPPORTUNISTIC INSIGHTS FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY CONTRAFUND:
FIDELITY CONTRAFUND K6

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIAM TARGET DATE BLUE CHIP GROWTH COMMINGLED POOL
By: Fidelity Institutional Asset Management Trust Company as Trustee

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY SECURITIES FUND:
FIDELITY SERIES BLUE CHIP GROWTH FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY BLUE CHIP GROWTH COMMINGLED POOL
By: Fidelity Management & Trust Co.

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY SECURITIES FUND:
FIDELITY BLUE CHIP GROWTH K6 FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY SECURITIES FUND:
FIDELITY BLUE CHIP GROWTH FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY SECURITIES FUND:
FIDELITY FLEX LARGE CAP GROWTH FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY GROWTH COMPANY COMMINGLED POOL
By: Fidelity Management & Trust Co.

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY MT. VERNON STREET TRUST:
FIDELITY GROWTH COMPANY FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

FIDELITY MT. VERNON STREET TRUST:
FIDELITY SERIES GROWTH COMPANY FUND

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

FIDELITY SELECT PORTFOLIOS:
SELECT PHARMACEUTICALS PORTFOLIO

By: /s/ Elizabeth Thornton
[Signature]

Name: Elizabeth Thornton
[Print Name of Signatory]

Title: Corporate Governance Analyst
[Print Title of Signatory]

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

HOLDER:

GLAXO GROUP LIMITED

By: /s/ Adam Walker
[Signature]

Name: Adam Walker
[Print Name of Signatory]

Title: Director
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

G SQUARED V, LP

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

G SQUARED OPPORTUNITIES FUND V LLC

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

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

HOLDER:

G SQUARED IV, SCSP

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

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

HOLDER:

G SQUARED IV, LP

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

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

HOLDER:

G SQUARED III LLC

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

G SQUARED III LLC, SERIES X-4

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

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

HOLDER:

G SQUARED OPPORTUNITIES FUND IV LLC

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

G SQUARED SPECIAL SITUATIONS FUND LLC

By: /s/ Larry Aschebrook
[Signature]

Name: Larry Aschebrook
[Print Name of Signatory]

Title: Authorized Signatory
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

NEWVIEW CAPITAL FUND I, L.P.

By: NEWVIEW CAPITAL PARTNERS I, LLC, its General Partner

By: /s/ Prashant Gangwal
[Signature]

Name: Prashant Gangwal
[Print Name of Signatory]

Title: CFO
[Print Title of Signatory]

[Signature Page to Amended and Restated Registration Rights Agreement]

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

HOLDER:

SEQUOIA CAPITAL GLOBAL GROWTH FUND II, L.P.
SEQUOIA CAPITAL GLOBAL GROWTH II PRINCIPALS FUND, L.P.
Each a Cayman Islands exempted limited partnership

By: SC GLOBAL GROWTH II MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership
General Partner of Each

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company
its General Partner

By: /s/ Roelof Botha
[Signature]

Name: Roelof Botha
[Print Name of Signatory]

Title: Managing Member
[Print Title of Signatory]

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

HOLDER:

SEQUOIA CAPITAL U.S. GROWTH FUND VII, L.P.
SEQUOIA CAPITAL U.S. GROWTH VII PRINCIPALS FUND, L.P.
Each a Cayman Islands exempted limited partnership

By: SC U.S. GROWTH VII MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership
General Partner of Each

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company
its General Partner

By: /s/ Roelof Botha
[Signature]

Name: Roelof Botha
[Print Name of Signatory]

Title: Managing Member
[Print Title of Signatory]

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

HOLDER:

SEQUOIA CAPITAL U.S. GROWTH FUND VIII, L.P., for itself and as nominee

By: SC U.S. GROWTH VIII MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership
its General Partner

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company
its General Partner

By: /s/ Roelof Botha
[Signature]

Name: Roelof Botha
[Print Name of Signatory]

Title: Managing Member
[Print Title of Signatory]

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

HOLDER:

SEQUOIA CAPITAL GROWTH FUND III, L.P.
a Delaware limited partnership

By: SCGF III Management, LLC
a Delaware limited liability company
its General Partner

By: /s/ Roelof Botha
[Signature]

Name: Roelof Botha
[Print Name of Signatory]

Title: Managing Member
[Print Title of Signatory]

JOINDER AGREEMENT

This Joinder Agreement (this "Joinder Agreement") is made as of [ ], by [and among [ ] (the "Transferring Holder") and] [ ] (the "New Holder"), in accordance with that certain Amended and Restated Registration Rights Agreement, dated as of June 16, 2021 (as amended from time to time, the "Agreement"), by and among 23andMe Holding Co. (the "Company") and the other Holders party thereto.

WHEREAS, the Agreement requires the New Holder to become a party to the Agreement by executing this Joinder Agreement, and upon the New Holder signing this Joinder Agreement, the Agreement will be deemed to be amended to include the New Holder as a Holder thereunder;

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. Party to the Agreement. By execution of this Joinder Agreement, as of the date hereof the New Holder is hereby made a party to the Agreement as a Holder. The New Holder hereby agrees to become a party to the Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Agreement in the same manner as if the New Holder were an original signatory to the Agreement. Execution and delivery of this Joinder Agreement by the New Holder shall also constitute execution and delivery by the New Holder of the Agreement, without further action of any party.

Section 2. Defined Terms. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement unless otherwise noted.

Section 3. Representations and Warranties of the New Holder.

3.1. Authorization. The New Holder has all requisite power and authority and has taken all action necessary in order to duly and validly approve the New Holder's execution and delivery of, and performance of its obligations under, this Joinder Agreement. This Joinder Agreement has been duly executed and delivered by the New Holder and constitutes a legal, valid and binding agreement of the New Holder, enforceable against the New Holder in accordance with its terms.

3.2. No Conflict. The New Holder is not under any obligation or restriction, nor shall it assume any such obligation or restriction, that does or would materially interfere or conflict with the performance of its obligations under this Joinder Agreement.

Section 4. Further Assurances. The parties agree to execute and deliver any further instruments or perform any acts which are or may become necessary to effectuate the purposes of this Joinder Agreement.

Section 5. Governing Law. This Joinder Agreement will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

Section 6. Counterparts. This Joinder Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument.

Section 7. Entire Agreement. This Joinder Agreement and the Agreement contain the entire understanding, whether oral or written, of the parties hereto with respect to the matters covered hereby. Any amendment or change in this Joinder Agreement shall not be valid unless made in writing and signed by each of the parties hereto.

[*Signature pages follow*]

IN WITNESS WHEREOF, intending to be legally bound hereby, the undersigned parties have executed this Joinder Agreement as of the date first above written.

[**TRANSFERRING HOLDER**]

[_____]

By: _____
Name:
Title:

NEW HOLDER

[_____]

By: _____
Name:
Title:

Notice Address: [_____]
[_____]
[_____]
Attn: [_____]
Facsimile: [_____]

Accepted and Agreed to as of
the date first written above:

COMPANY

23ANDME HOLDING CO.

By: _____
Name:
Title:

Exhibit 10.5

23ANDME HOLDING CO.

2021 INCENTIVE EQUITY PLAN

Effective as of the Effective Date (as defined below), the 23andMe Holding Co. 2021 Incentive Equity Plan (as in effect from time to time, the "Plan") is hereby established.

The purpose of the Plan is to provide employees, certain consultants and advisors, and the non-employee members of the Board of Directors, of 23andMe Holding Co., a Delaware corporation formerly known as VG Acquisition Corp. (together with its successors, the "Company"), and its subsidiaries, , with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, and other stock-based awards.

The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefitting the Company's stockholders, and will align the economic interests of the participants with those of the stockholders.

Section 1. Definitions

The following terms has the meanings set forth below for purposes of the Plan:

(a) "409A" means Section 409A of the Code.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" has the meaning given to that term in any written employment agreement, offer letter or severance agreement between the Employer and the Participant, or if no such agreement exists or if such term is not defined therein, and unless otherwise defined in the Grant Instrument, Cause means a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty, (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information, (iv) has breached any written non-competition, non-solicitation, invention assignment or confidentiality agreement between the Participant and the Employer or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) "CEO" means the Chief Executive Officer of the Company (or if there is none then appointed, the President of the Company).

(e) Unless otherwise set forth in a Grant Instrument, a "Change of Control" shall be deemed to have occurred if:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the voting power of the then outstanding securities of the Company; provided that a Change of

Control shall not be deemed to occur as a result of a transaction in which the Company becomes a direct or indirect subsidiary of another Person and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares of such other Person representing more than 50% of the voting power of the then outstanding securities of such other Person.

(ii) The consummation of (A) a merger or consolidation of the Company with another Person where, immediately after the merger or consolidation, the stockholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, in substantially the same proportion as ownership immediately prior to the merger or consolidation, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the surviving Person would be entitled in the election of directors, or where the members of the Board, immediately prior to the merger or consolidation, will not, immediately after the merger or consolidation, constitute a majority of the board of directors of the surviving Person or (B) a sale or other disposition of all or substantially all of the assets of the Company.

(iii) A change in the composition of the Board over a period of 12 consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections, or threatened election contests, for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

(iv) The consummation of a complete dissolution or liquidation of the Company.

The Committee may modify the definition of Change of Control for a particular Grant as the Committee deems appropriate to comply with 409A or otherwise. Notwithstanding the foregoing, if a Grant constitutes deferred compensation subject to 409A and the Grant provides for payment upon a Change of Control, then, for purposes of such payment provisions, no Change of Control shall be deemed to have occurred upon an event described in items (i) – (iv) above unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under 409A.

(a) "Class A Stock" means the Class A common stock, par value $0.0001 per share, of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(c) "Committee" means the Compensation Committee of the Board or another committee appointed by the Board to administer the Plan and to the extent the Board does not appoint a committee, the Board can serve as the Committee. The Committee shall consist of directors who are "non-employee directors" as defined under Rule 16b-3 promulgated under the Exchange Act and "independent directors," as determined in accordance with the independence standards established by the stock exchange on which the Class A Stock is at the time primarily traded.

(d) "Disability" or "Disabled" means, unless otherwise set forth in the Grant Instrument, a Participant's becoming disabled within the meaning of the Employer's long-term disability plan applicable to the Participant.

(e) "Dividend Equivalent" means an amount determined by multiplying the number of shares of Class A Stock subject to a Stock Unit or Other Stock-Based Award by the per-share cash dividend paid by the Company on its outstanding Class A Stock, or the per-share Fair Market Value of any dividend paid on its outstanding Class A Stock in consideration other than cash. If interest is credited on accumulated divided equivalents, the term "Dividend Equivalent" shall include the accrued interest.

(f) "Effective Date" means the effective date of the consummation of the merger contemplated by the Merger Agreement, subject to approval of the Plan by the stockholders of the Company.

(g) "Employee" means an employee of the Employer (including an officer or director who is also an employee), but excluding any person who is classified by the Employer as a "contractor" or "consultant," no matter how characterized by the Internal Revenue Service, other governmental agency or a court. Any change of characterization of an individual by the Internal Revenue Service or any court or government agency shall have no effect upon the classification of an individual as an Employee for purposes of this Plan, unless the Committee determines otherwise.

(h) "Employed by, or providing service to, the Employer" means employment or service as an Employee, Key Advisor or member of the Board (so that, for purposes of exercising Options and SARs and satisfying conditions with respect to Stock Awards, Stock Units, and Other Stock-Based Awards, a Participant shall not be considered to have terminated employment or service until the Participant ceases to be an Employee, Key Advisor or member of the Board), unless the Committee determines otherwise. If a Participant's relationship is with a subsidiary of the Company and that entity ceases to be a subsidiary of the Company, the Participant will be deemed to cease employment or service when the entity ceases to be a subsidiary of the Company, unless the Participant transfers employment or service to an Employer.

(i) "Employer" means the Company and its subsidiaries.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Exercise Price" means the per share price at which shares of Class A Stock may be purchased under an Option, as designated by the Committee.

(l) "Fair Market Value" means:

(i) For so long as the Class A Stock is publicly traded, the Fair Market Value per share shall be determined as follows: (A) if the principal trading market for the Class A Stock is a national securities exchange, the closing sales price during regular trading hours on the relevant date or, if there were no trades on that date, the latest preceding date upon which a sale was reported, or (B) if the Class A Stock is not principally traded on any such exchange, the last reported sale price of a share of Class A Stock during regular trading hours on the relevant date, as reported by the OTC Bulletin Board.

(ii) If the Class A Stock is not publicly traded or, if publicly traded, is not subject to reported transactions as set forth above, the Fair Market Value per share shall be determined by the Committee through any reasonable valuation method authorized under the Code.

(m) "GAAP" means United States generally accepted accounting principles.

(n) "Grant" means an Option, SAR, Stock Award, Stock Unit or Other Stock-Based Award granted under the Plan.

(o) "Grant Instrument" means the written agreement that sets forth the terms and conditions of a Grant, including all amendments thereto.

(p) "Incentive Stock Option" means an Option that is intended to meet the requirements of an incentive stock option under Section 422 of the Code.

(q) "Key Advisor" means a consultant or advisor of the Employer.

(r) "Merger Agreement" means that certain Agreement and Plan of Merger, dated as of February 4, 2021, by and among the Company, Chrome Merger Sub, Inc., a Delaware corporation, and 23andMe, Inc., Delaware corporation, as amended by that certain First Amendment to Agreement and Plan of Merger, dated February 13, 2021, by and among the Company, Chrome Merger Sub, Inc. and 23andMe, Inc.

(s) "Non-Employee Director" means a member of the Board who is not an Employee.

(t) "Nonqualified Stock Option" means an Option that is not intended to be taxed as an incentive stock option under Section 422 of the Code.

(u) "Option" means an option to purchase shares of Class A Stock, as described in Section 6.

(v) "Other Stock-Based Award" means any Grant based on, measured by or payable in Class A Stock (other than an Option, Stock Unit, Stock Award, or SAR), as described in Section 10.

(w) "Participant" means an Employee, Key Advisor or Non-Employee Director designated by the Committee to participate in the Plan.

(x) "Performance Goals" means performance goals that may include, but are not limited to, one or more of the following criteria: cash flow; free cash flow; earnings (including gross margin, earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation, amortization and charges for stock-based compensation, earnings before interest, taxes, depreciation and amortization, adjusted earnings before interest, taxes, depreciation and amortization and net earnings); earnings per share; growth in earnings or earnings per share; book value growth; stock price; return on equity or average stockholder equity; total stockholder return or growth in total stockholder return either directly or in relation to a comparative group; return on capital; return on assets or net assets; revenue, growth in revenue or return on sales; sales; expense reduction or expense control; expense to revenue ratio; income, net income or adjusted net income; operating income, net operating income, adjusted operating income or net operating income after tax; operating profit or net operating profit; operating margin; gross profit margin; return on operating revenue or return on operating profit; regulatory filings; regulatory approvals, litigation and regulatory resolution goals; other operational, regulatory or departmental objectives; budget comparisons; growth in stockholder value relative to established indexes, or another peer group or peer group index; development and implementation of strategic plans and/or organizational restructuring goals; development and implementation of risk and crisis management programs; improvement in workforce diversity; compliance requirements and compliance relief; safety goals; productivity goals; workforce management and succession planning goals; economic value added (including typical adjustments consistently applied from generally accepted accounting principles required to determine economic value added performance measures); measures of customer satisfaction, employee satisfaction or staff development; development or marketing collaborations, formations of joint ventures or partnerships or the completion of other similar transactions intended to enhance the Corporation's revenue or profitability or enhance its customer base; merger and acquisitions; and other similar criteria as determined by the Committee. Performance goals applicable to a Grant shall be determined by the Committee, and may be established on an absolute or relative basis and may be established on a corporate-wide basis or with respect to one or more business units, divisions, subsidiaries or business segments. Relative performance may be measured against a group of peer companies, a financial market index or other objective and quantifiable indices.

(y) "Person" means any natural person, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other legal entity of any nature whatsoever.

(z) "Restriction Period" has the meaning given that term in Section 7(a).

(aa) "SAR" means a stock appreciation right, as described in Section 9.

(bb) "Stock Award" means an award of Class A Stock, as described in Section 7.

(cc) "Stock Unit" means an award of a phantom unit representing a share of Class A Stock, as described in Section 8.

(dd) "Substitute Awards" has the meaning given that term in Section 4(c).

Section 2. Administration

(a) Committee. The Plan shall be administered and interpreted by the Committee; provided, however, that any Grants to members of the Board must be authorized by a majority of the Board (counting all Board members for purposes of a quorum, but only non-interested Board members for purposes of such majority approval). The Committee may delegate authority to one or more subcommittees, as it deems appropriate. Subject to compliance with applicable law and the applicable stock exchange rules, the Board, in its discretion, may perform any action of the Committee hereunder in any individual instance (without any need for any formal assumption of authority from the Committee). To the extent that the Board, a subcommittee or the CEO, as described below administers the Plan, references in the Plan to the "Committee" shall be deemed to refer to the Board or such subcommittee or the CEO.

(b) Delegation to CEO. Subject to compliance with applicable law and applicable stock exchange requirements, including Section 157(c) of the Delaware General Corporation Law, the Committee may delegate all or part of its authority and power to the CEO, as it deems appropriate, with respect to Grants to Employees or Key Advisors who are not executive officers under Section 16 of the Exchange Act.

(c) Committee Authority. The Committee shall have the sole authority to (i) determine the individuals to whom Grants shall be made under the Plan, (ii) determine the type, size, terms and conditions of the Grants to be made to each such individual, (iii) determine the time when the Grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (v) amend the terms of any previously issued Grant, subject to the provisions of Section 17 below, (vi) determine and adopt terms, guidelines, and provisions, not inconsistent with the Plan and applicable law, that apply to individuals residing outside of the United States who receive Grants under the Plan, and (vii) deal with any other matters arising under the Plan.

(d) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

(e) Indemnification. No member of the Committee or the Board, and no employee of the Company shall be liable for any act or failure to act with respect to the Plan, except in circumstances involving his or her bad faith or willful misconduct, or for any act or failure to act hereunder by any other member of the Committee or employee or by any agent to

whom duties in connection with the administration of this Plan have been delegated. The Company shall indemnify members of the Committee and the Board and any agent of the Committee or the Board who is an employee of the Company or a subsidiary against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith or willful misconduct.

Section 3. Grants

Grants under the Plan may consist of Options as described in Section 6, Stock Awards as described in Section 7, Stock Units as described in Section 8, SARs as described in Section 9, and Other Stock-Based Awards as described in Section 10. All Grants shall be subject to the terms and conditions set forth herein and to such other terms and conditions consistent with this Plan as the Committee deems appropriate and as are specified in writing by the Committee to the individual in the Grant Instrument. All Grants shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Participants.

Section 4. Shares Subject to the Plan

(a) Shares Authorized. Subject to adjustment as described below in Sections 4(b) and 4(e) below, the aggregate number of shares of Class A Stock that may be issued or transferred under the Plan shall be 136,000,000 shares of Class A Stock. The aggregate number of shares of Class A Stock that may be issued or transferred under the Plan pursuant to Incentive Stock Options shall not exceed 97,000,000 shares of Class A Stock. Commencing with the first business day of each calendar year beginning in 2022, the aggregate number of shares of Class A Stock that may be issued or transferred under the Plan shall be increased by a number equal to the least of (x) 22,839,019 million shares of Class A Stock, (y) 3.0% of the aggregate number of shares of Class A Stock and Class B common stock, par value $0.0001 per share, of the Company, taken together, outstanding as of the last day of the immediately preceding calendar year, or (z) such lesser number of shares of Class A Stock as may be determined by the Committee.

(b) Source of Shares; Share Counting. Shares issued or transferred under the Plan may be authorized but unissued shares of Class A Stock or reacquired shares of Class A Stock, including shares purchased by the Company on the open market for purposes of the Plan. If and to the extent Options or SARs granted under the Plan, expire or are canceled, forfeited, exchanged or surrendered without having been exercised, or if any Stock Awards, Stock Units or Other Stock-Based Awards are forfeited, terminated or otherwise not paid in full, the shares subject to such Grants shall again be available for purposes of the Plan. If shares of Class A Stock otherwise issuable under the Plan are surrendered in payment of the Exercise Price of an Option, then the number of shares of Class A Stock available for issuance under the Plan shall be reduced only by the net number of shares actually issued by the Company upon such exercise and not by the gross number of shares as to which such Option is exercised. Upon the exercise

of any SAR under the Plan, the number of shares of Class A Stock available for issuance under the Plan shall be reduced by only by the net number of shares actually issued by the Company upon such exercise. If shares of Class A Stock otherwise issuable under the Plan are withheld by the Company in satisfaction of the withholding taxes incurred in connection with the issuance, vesting or exercise of any Grant or the issuance of Class A Stock thereunder, then the number of shares of Class A Stock available for issuance under the Plan shall be reduced by the net number of shares issued, vested or exercised under such Grant, calculated in each instance after payment of such share withholding. To the extent any Grants are paid in cash, and not in shares of Class A Stock, any shares previously subject to such Grants shall again be available for issuance or transfer under the Plan. For the avoidance of doubt, if shares are repurchased by the Company on the open market with the proceeds of the Exercise Price of Options, such shares may not again be made available for issuance under the Plan.

(c) Substitute Awards. Shares issued or transferred under Grants made pursuant to an assumption, substitution or exchange for previously granted awards of a company acquired by the Company in a transaction ("Substitute Awards") shall not reduce the number of shares of Class A Stock available under the Plan and available shares under a stockholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Grants under the Plan and shall not reduce the Plan's share reserve (subject to applicable stock exchange listing and Code requirements).

(d) Individual Limits for Non-Employee Directors. Subject to adjustment as described below in Section 4(e), the maximum aggregate grant date value of shares of Class A Stock subject to Grants granted to any Non-Employee Director during any calendar year, taken together with any cash fees earned by such Non-Employee Director for services rendered during the calendar year, shall not exceed $300,000 in total value; provided, however, that with respect to the year during which the Non-Employee Director is first appointed or elected to the Board, the maximum aggregate grant date value of shares of Class A Stock granted to such Non-Employee Director during the initial annual period, taken together with any cash fees earned by such Non-Employee Director for services rendered during such period, shall not exceed $750,000 in total value during the initial annual period. For purposes of this limit, the value of such Grants shall be calculated based on the grant date fair value of such Grants for financial reporting purposes.

(e) Adjustments. If there is any change in the number or kind of shares of Class A Stock outstanding by reason of (i) a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) a merger, reorganization or consolidation, (iii) a reclassification or change in par value, or (iv) any other extraordinary or unusual event affecting the outstanding Class A Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Class A Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, the maximum number and kind of shares of Class A Stock available for issuance under the Plan, the maximum amount of Grants which a Non-Employee Director may receive in any year, the number and kind of shares covered by outstanding Grants, the number and kind of shares issued and to be issued under the Plan, and the price per share or the applicable market value of such Grants shall be equitably adjusted by the Committee to reflect any increase or decrease in the number of, or

change in the kind or value of, the issued shares of Class A Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. In addition, in the event of a Change of Control, the provisions of Section 12 shall apply. Any adjustments to outstanding Grants shall be consistent with Section 409A or Section 424 of the Code, to the extent applicable. The adjustments of Grants under this Section 4(e) shall include adjustment of shares, Exercise Price of Stock Options, base amount of SARs, Performance Goals or other terms and conditions, as the Committee deems appropriate. The Committee shall have the sole discretion and authority to determine what appropriate adjustments shall be made and any adjustments determined by the Committee shall be final, binding and conclusive.

Section 5. Eligibility for Participation

(a) Eligible Persons. All Employees and Non-Employee Directors shall be eligible to participate in the Plan. Key Advisors shall be eligible to participate in the Plan if the Key Advisors render bona fide services to the Employer, the services are not in connection with the offer and sale of securities in a capital-raising transaction and the Key Advisors do not directly or indirectly promote or maintain a market for the Company's securities.

(b) Selection of Participants. The Committee shall select the Employees, Non-Employee Directors and Key Advisors to receive Grants and shall determine the number of shares of Class A Stock subject to a particular Grant in such manner as the Committee determines.

Section 6. Options

The Committee may grant Options to an Employee, Non-Employee Director or Key Advisor upon such terms as the Committee deems appropriate. The following provisions are applicable to Options:

(a) Number of Shares. The Committee shall determine the number of shares of Class A Stock that will be subject to each Grant of Options to Employees, Non-Employee Directors and Key Advisors.

(b) Type of Option and Exercise Price.

(i) The Committee may grant Incentive Stock Options or Nonqualified Stock Options or any combination of the two, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to employees of the Company or its parent or subsidiary corporations, as defined in Section 424 of the Code. Nonqualified Stock Options may be granted to Employees, Non-Employee Directors and Key Advisors.

(ii) The Exercise Price of Class A Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Class A Stock on the date the Option is granted. However, an Incentive Stock Option

may not be granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary corporation of the Company, as defined in Section 424 of the Code, unless the Exercise Price per share is not less than 110% of the Fair Market Value of a share of Class A Stock on the date of grant.

(c) Option Term. The Committee shall determine the term of each Option. The term of any Option shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary corporation of the Company, as defined in Section 424 of the Code, may not have a term that exceeds five years from the date of grant. Notwithstanding the foregoing, in the event that on the last business day of the term of an Option (other than an Incentive Stock Option), the exercise of the Option is prohibited by applicable law, including a prohibition on purchases or sales of Class A Stock under the Company's insider trading policy, or pursuant to any restrictions on transfer imposed by the Committee (including as provided in Section 18(i)), the term of the Option shall be extended for a period of 30 days following the end of the legal prohibition, or until the expiration of such restrictions on transfer, unless the Committee determines otherwise.

(d) Exercisability of Options. Options shall become exercisable in accordance with such terms and conditions, consistent with the Plan, as may be determined by the Committee and specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(e) Grants to Non-Exempt Employees. Notwithstanding the foregoing, Options granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such Options may become exercisable, as determined by the Committee, upon the Participant's death, Disability or retirement, or upon a Change of Control or other circumstances permitted by applicable regulations).

(f) Termination of Employment or Service. Except as provided in the Grant Instrument, an Option may only be exercised while the Participant is employed by, or providing services to, the Employer. The Committee shall determine in the Grant Instrument under what circumstances and during what time periods a Participant may exercise an Option after termination of employment or service.

(g) Exercise of Options. A Participant may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Participant shall pay the Exercise Price for an Option as specified by the Committee (i) in cash, (ii) unless the Committee determines otherwise, by delivering shares of Class A Stock owned by the Participant and having a Fair Market Value on the date of exercise at least equal to the Exercise Price or by attestation (on a form prescribed by the Committee) to ownership of shares of Class A Stock having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation

T of the Federal Reserve Board, (iv) if permitted by the Committee, by withholding shares of Class A Stock subject to the exercisable Option, which have a Fair Market Value on the date of exercise equal to the Exercise Price, or (v) by such other method as the Committee may approve. Shares of Class A Stock used to exercise an Option shall have been held by the Participant for the requisite period of time necessary to avoid adverse accounting consequences to the Company with respect to the Option. Payment for the shares to be issued or transferred pursuant to the Option, and any required withholding taxes, must be received by the Company by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance or transfer of such shares.

(h) Limits on Incentive Stock Options. Each Incentive Stock Option shall provide that, if the aggregate Fair Market Value of the Class A Stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year, under the Plan or any other stock option plan of the Company or a parent or subsidiary, exceeds $100,000, then the Option, as to the excess, shall be treated as a Nonqualified Stock Option.

Section 7. Stock Awards

The Committee may issue or transfer shares of Class A Stock to an Employee, Non-Employee Director or Key Advisor under a Stock Award, upon such terms as the Committee deems appropriate. The following provisions are applicable to Stock Awards:

(a) General Requirements. Shares of Class A Stock issued or transferred pursuant to Stock Awards may be issued or transferred for consideration or for no consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may, but shall not be required to, establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including, without limitation, restrictions based on the achievement of specific Performance Goals. The period of time during which the Stock Awards will remain subject to restrictions will be designated in the Grant Instrument as the "Restriction Period."

(b) Number of Shares. The Committee shall determine the number of shares of Class A Stock to be issued or transferred pursuant to a Stock Award and the restrictions applicable to such shares.

(c) Requirement of Employment or Service. If the Participant ceases to be employed by, or provide service to, the Employer during a period designated in the Grant Instrument as the Restriction Period, or if other specified conditions are not met, the Stock Award shall terminate as to all shares covered by the Grant as to which the restrictions have not lapsed, and those shares of Class A Stock must be immediately returned to the Company. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Restrictions on Transfer and Legend on Stock Certificate. During the Restriction Period, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except under Section 15. Unless otherwise determined by the

Committee, the Company will retain possession of certificates for shares of Stock Awards until all restrictions on such shares have lapsed. Each certificate for a Stock Award, unless held by the Company, shall contain a legend giving appropriate notice of the restrictions in the Grant. The Participant shall be entitled to have the legend removed from the stock certificate covering the shares subject to restrictions when all restrictions on such shares have lapsed. The Committee may determine that the Company will not issue certificates for Stock Awards until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. Unless the Committee determines otherwise, during the Restriction Period, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares, subject to any restrictions deemed appropriate by the Committee, including, without limitation, the achievement of specific Performance Goals. Dividends with respect to Stock Awards that vest based on performance shall vest if and to the extent that the underlying Stock Award vests, as determined by the Committee.

(f) Lapse of Restrictions. All restrictions imposed on Stock Awards shall lapse upon the expiration of the applicable Restriction Period and the satisfaction of all conditions, if any, imposed by the Committee. The Committee may determine, as to any or all Stock Awards, that the restrictions shall lapse without regard to any Restriction Period.

Section 8. Stock Units

The Committee may grant Stock Units, each of which shall represent one hypothetical share of Class A Stock, to an Employee, Non-Employee Director or Key Advisor upon such terms and conditions as the Committee deems appropriate. The following provisions are applicable to Stock Units:

(a) Crediting of Units. Each Stock Unit shall represent the right of the Participant to receive a share of Class A Stock or an amount of cash based on the value of a share of Class A Stock, if and when specified conditions are met. All Stock Units shall be credited to bookkeeping accounts established on the Company's records for purposes of the Plan.

(b) Terms of Stock Units. The Committee may grant Stock Units that vest and are payable if specified Performance Goals or other conditions are met, or under other circumstances. Stock Units may be paid at the end of a specified performance period or other period, or payment may be deferred to a date authorized by the Committee. The Committee may accelerate vesting or payment, as to any or all Stock Units at any time for any reason, provided such acceleration complies with 409A. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units.

(c) Requirement of Employment or Service. If the Participant ceases to be employed by, or provide service to, the Employer prior to the vesting of Stock Units, or if other conditions established by the Committee are not met, the Participant's Stock Units shall be forfeited. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Payment With Respect to Stock Units. Payments with respect to Stock Units shall be made in cash, Class A Stock or any combination of the foregoing, as the Committee shall determine.

Section 9. Stock Appreciation Rights

The Committee may grant SARs to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option. The following provisions are applicable to SARs:

(a) General Requirements. The Committee may grant SARs to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option (for all or a portion of the applicable Option). Tandem SARs may be granted either at the time the Option is granted or at any time thereafter while the Option remains outstanding; provided, however, that, in the case of an Incentive Stock Option, SARs may be granted only at the time of the grant of the Incentive Stock Option. The Committee shall establish the base amount of the SAR at the time the SAR is granted. The base amount of each SAR shall be equal to or greater than the Fair Market Value of a share of Class A Stock as of the date of grant of the SAR. The term of any SAR shall not exceed ten years from the date of grant. Notwithstanding the foregoing, in the event that on the last business day of the term of a SAR, the exercise of the SAR is prohibited by applicable law, including a prohibition on purchases or sales of Class A Stock under the Company's insider trading policy, or pursuant to any restrictions on transfer imposed by the Committee (including as provided in Section 18(i)), the term shall be extended for a period of 30 days following the end of the legal prohibition, or until the expiration of such restrictions on transfer, unless the Committee determines otherwise.

(b) Tandem SARs. In the case of tandem SARs, the number of SARs granted to a Participant that shall be exercisable during a specified period shall not exceed the number of shares of Class A Stock that the Participant may purchase upon the exercise of the related Option during such period. Upon the exercise of an Option, the SARs relating to the Class A Stock covered by such Option shall terminate. Upon the exercise of SARs, the related Option shall terminate to the extent of an equal number of shares of Class A Stock.

(c) Exercisability. A SAR shall be exercisable during the period specified by the Committee in the Grant Instrument and shall be subject to such vesting and other restrictions as may be specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding SARs at any time for any reason. SARs may only be exercised while the Participant is employed by, or providing service to, the Employer or during the applicable period after termination of employment or service as specified by the Committee. A tandem SAR shall be exercisable only during the period when the Option to which it is related is also exercisable.

(d) Grants to Non-Exempt Employees. Notwithstanding the foregoing, SARs granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such SARs may become exercisable, as determined by the Committee, upon the Participant's death, Disability or retirement, or upon a Change of Control or other circumstances permitted by applicable regulations).

(e) Value of SARs. When a Participant exercises SARs, the Participant shall receive in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised. The stock appreciation for a SAR is the amount by which the Fair Market Value of the underlying Class A Stock on the date of exercise of the SAR exceeds the base amount of the SAR as described in subsection (a).

(f) Form of Payment. The appreciation in a SAR shall be paid in shares of Class A Stock, cash or any combination of the foregoing, as the Committee shall determine. For purposes of calculating the number of shares of Class A Stock to be received, shares of Class A Stock shall be valued at their Fair Market Value on the date of exercise of the SAR.

Section 10. Other Stock-Based Awards

The Committee may grant Other Stock-Based Awards, which are awards (other than those described in Sections 6 through 9) that are based on or measured by Class A Stock, to any Employee, Non-Employee Director or Key Advisor, on such terms and conditions as the Committee shall determine. Other Stock-Based Awards may be awarded subject to the achievement of Performance Goals or other criteria or other conditions and may be payable in cash, Class A Stock or any combination of the foregoing, as the Committee shall determine.

Section 11. Dividend Equivalents

The Committee may grant Dividend Equivalents in connection with Stock Units or Other Stock-Based Awards. Dividend Equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of Class A Stock, and upon such terms and conditions as the Committee shall determine. Dividend Equivalents with respect to Stock Units or Other Stock-Based Awards that vest based on performance shall vest and be paid only if and to the extent the underlying Stock Units or Other Stock-Based Awards vest and are paid, as determined by the Committee.

Section 12. Consequences of a Change of Control

(a) Assumption of Outstanding Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Grants that are not exercised or paid at the time of the Change of Control shall be assumed by, or replaced with grants (with respect to cash, securities, or a combination thereof) that have comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation). After a Change of Control, references to the "Company" as they relate to employment matters shall include the successor employer in the transaction, subject to applicable law.

(b) Other Alternatives. In the event of a Change of Control, if any outstanding Grants are not assumed by, or replaced with grants that have comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation), the Committee

may (but is not obligated to) make adjustments to the terms and conditions of outstanding Grants, including, without limitation, taking any of the following actions (or combination thereof) with respect to any or all outstanding Grants, without the consent of any Participant: (i) the Committee may determine that outstanding Stock Options and SARs shall automatically accelerate and become fully exercisable and the restrictions and conditions on outstanding Stock Awards, Stock Units and Dividend Equivalents shall immediately lapse; (ii) the Committee may determine that Participants shall receive a payment in settlement of outstanding Stock Units or Dividend Equivalents, in such amount and form as may be determined by the Committee; (iii) the Committee may require that Participants surrender their outstanding Stock Options and SARs in exchange for a payment by the Company, in cash or Class A Stock as determined by the Committee, in an amount equal to the amount, if any, by which the then Fair Market Value of the shares of Class A Stock subject to the Participant's unexercised Stock Options and SARs exceeds the Stock Option Exercise Price or SAR base amount, and (iv) after giving Participants an opportunity to exercise all of their outstanding Stock Options and SARs, the Committee may terminate any or all unexercised Stock Options and SARs at such time as the Committee deems appropriate. Such surrender, termination or payment shall take place as of the date of the Change of Control or such other date as the Committee may specify. Without limiting the foregoing, if the per share Fair Market Value of the Class A Stock does not exceed the per share Stock Option Exercise Price or SAR base amount, as applicable, the Company shall not be required to make any payment to the Participant upon surrender of the Stock Option or SAR and shall have the right to cancel any such Stock Option or SAR for no consideration.

Section 13. Deferrals

The Committee may permit or require a Participant to defer receipt of the payment of cash or the delivery of shares that would otherwise be due to such Participant in connection with any Grant. If any such deferral election is permitted or required, the Committee shall establish rules and procedures for such deferrals and may provide for interest or other earnings to be paid on such deferrals. The rules and procedures for any such deferrals shall be consistent with applicable requirements of 409A.

Section 14. Withholding of Taxes

(a) Required Withholding. All Grants under the Plan shall be subject to applicable United States federal (including FICA), state and local, foreign country or other tax withholding requirements. The Employer may require that the Participant or other person receiving Grants or exercising Grants pay to the Employer an amount sufficient to satisfy such tax withholding requirements with respect to such Grants, or the Employer may deduct from other wages and compensation paid by the Employer the amount of any withholding taxes due with respect to such Grants.

(b) Share Withholding. The Committee may permit or require the Employer's tax withholding obligation with respect to Grants paid in Class A Stock to be satisfied by having shares withheld up to an amount that does not exceed the Participant's applicable withholding tax rate for United States federal (including FICA), state and local, foreign country or other tax liabilities. The Committee may, in its discretion, and subject to such rules as the Committee may

adopt, allow Participants to elect to have such share withholding applied to all or a portion of the tax withholding obligation arising in connection with any particular Grant. Unless the Committee determines otherwise, share withholding for taxes shall not exceed the Participant's minimum applicable tax withholding amount.

Section 15. Transferability of Grants

(a) Nontransferability of Grants. Except as described in subsection (b) below, only the Participant may exercise rights under a Grant during the Participant's lifetime. A Participant may not transfer those rights except (i) by will or by the laws of descent and distribution or (ii) with respect to Grants other than Incentive Stock Options, pursuant to a domestic relations order. When a Participant dies, the personal representative or other person entitled to succeed to the rights of the Participant may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Participant's will or under the applicable laws of descent and distribution.

(b) Transfer of Nonqualified Stock Options. Notwithstanding the foregoing, the Committee may provide, in a Grant Instrument, that a Participant may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Participant receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

Section 16. Requirements for Issuance or Transfer of Shares

No Class A Stock shall be issued or transferred in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance or transfer of such Class A Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant on the Participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of the shares of Class A Stock as the Committee shall deem necessary or advisable, and certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Class A Stock issued or transferred under the Plan may be subject to such stop-transfer orders and other restrictions as the Committee deems appropriate to comply with applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon.

Section 17. Amendment and Termination of the Plan

(a) Amendment. The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without stockholder approval if such approval is required in order to comply with the Code or other applicable law, or to comply with applicable stock exchange requirements.

(b) No Repricing of Options or SARs. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, Class A Stock, other securities or property), stock split,

extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Class A Stock or other securities, or similar transactions), the Company may not, without obtaining stockholder approval, (i) amend the terms of outstanding Stock Options or SARs to reduce the Exercise Price of such outstanding Stock Options or base price of such SARs, (ii) cancel outstanding Stock Options or SARs in exchange for Stock Options or SARs with an Exercise Price or base price, as applicable, that is less than the Exercise Price or base price of the original Stock Options or SARs or (iii) cancel outstanding Stock Options or SARs with an Exercise Price or base price, as applicable, above the current stock price in exchange for cash or other securities.

(c) Termination of Plan. The Plan shall terminate on the day immediately preceding the tenth anniversary of its Effective Date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders.

(d) Termination and Amendment of Outstanding Grants. A termination or amendment of the Plan that occurs after a Grant is made shall not materially impair the rights of a Participant with respect to such Grant unless the Participant consents or unless the Committee acts under Section 18(f). The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant. Whether or not the Plan has terminated, an outstanding Grant may be terminated or amended under Section 18(f) or may be amended by agreement of the Company and the Participant consistent with the Plan.

Section 18. Miscellaneous

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in the Plan shall be construed to (i) limit the right of the Committee to make Grants under the Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or (ii) limit the right of the Company to grant stock options or make other awards outside of the Plan. The Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company, in substitution for a stock option or stock awards grant made by such corporation. Notwithstanding anything in the Plan to the contrary, the Committee may establish such terms and conditions of the new Grants as it deems appropriate, including setting the Exercise Price of Options or the base price of SARs at a price necessary to retain for the Participant the same economic value as the prior options or rights.

(b) Governing Document. The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(c) Funding of the Plan. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under the Plan.

(d) Rights of Participants. Nothing in the Plan shall entitle any Employee, Non-Employee Director, Key Advisor or other person to any claim or right to receive a Grant under the Plan. Any Grant under the Plan shall be a one-time award that does not constitute a promise of future grants. The Company, in its sole discretion, maintains the right to make available future Grants under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Employer or any other employment rights.

(e) No Fractional Shares. No fractional shares of Class A Stock shall be issued or delivered pursuant to the Plan or any Grant. Except as otherwise provided under the Plan, the Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(f) Compliance with Law.

(i) The Plan, the exercise of Options and SARs and the obligations of the Company to issue or transfer shares of Class A Stock under Grants shall be subject to all applicable laws and regulations, and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to Section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Incentive Stock Options comply with the applicable provisions of Section 422 of the Code, and that, to the extent applicable, Grants comply with the requirements of 409A. To the extent that any legal requirement of Section 16 of the Exchange Act, 409A or Section 422 of the Code as set forth in the Plan ceases to be required under Section 16 of the Exchange Act, 409A or Section 422 of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(ii) The Plan is intended to comply with the requirements of 409A, to the extent applicable. Each Grant shall be construed and administered such that the Grant either (A) qualifies for an exemption from the requirements of 409A or (B) satisfies the requirements of 409A. If a Grant is subject to 409A, (I) distributions shall only be made in a manner and upon an event permitted under 409A, (II) payments to be made upon a termination of employment or service shall only be made upon a “separation from service” under 409A, (III) unless the Grant specifies otherwise, each installment payment shall be treated as a separate payment for purposes of 409A, and (IV) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with 409A.

(iii) Any Grant that is subject to 409A and that is to be distributed to a Key Employee (as defined below) upon separation from service shall be administered so that any distribution with respect to such Grant shall be postponed for six months following the date of the Participant’s separation from service, if required by 409A. If a distribution is delayed

pursuant to 409A, the distribution shall be paid within 15 days after the end of the six-month period. If the Participant dies during such six-month period, any postponed amounts shall be paid within 90 days of the Participant's death. The determination of Key Employees, including the number and identity of persons considered Key Employees and the identification date, shall be made by the Committee or its delegate each year in accordance with Section 416(i) of the Code and the "specified employee" requirements of 409A.

(iv) Notwithstanding anything in the Plan or any Grant agreement to the contrary, each Participant shall be solely responsible for the tax consequences of Grants under the Plan, and in no event shall the Company or any subsidiary or affiliate of the Company have any responsibility or liability if a Grant does not meet any applicable requirements of 409A. Although the Company intends to administer the Plan to prevent taxation under 409A, the Company does not represent or warrant that the Plan or any Grant complies with any provision of federal, state, local or other tax law.

(g) Establishment of Subplans. The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Committee's discretion under the Plan as the Board deems necessary or desirable and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Employer shall not be required to provide copies of any supplement to Participants in any jurisdiction that is not affected.

(h) Clawback Rights. Subject to the requirements of applicable law, the Committee may provide in any Grant Instrument that, if a Participant breaches any restrictive covenant agreement between the Participant and the Employer (which may be set forth in any Grant Instrument) or otherwise engages in activities that constitute Cause either while employed by, or providing service to, the Employer or within a specified period of time thereafter, all Grants held by the Participant shall terminate, and the Company may rescind any exercise of an Option or SAR and the vesting of any other Grant and delivery of shares upon such exercise or vesting (including pursuant to dividends and Dividend Equivalents), as applicable on such terms as the Committee shall determine, including the right to require that in the event of any such rescission, (i) the Participant shall return to the Company the shares received upon the exercise of any Option or SAR and/or the vesting and payment of any other Grant (including pursuant to dividends and Dividend Equivalents) or, (ii) if the Participant no longer owns the shares, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of any sale or other disposition of the shares (or, in the event the Participant transfers the shares by gift or otherwise without consideration, the Fair Market Value of the shares on the date of the breach of the restrictive covenant agreement (including a Participant's Grant Instrument containing restrictive covenants) or activity constituting Cause), net of the price originally paid by the Participant for the shares. Payment by the Participant shall be made in such manner and on such terms and conditions as may be required by the Committee. The Employer shall be entitled to set off against the amount of any such payment any amounts otherwise owed to the

Participant by the Employer. In addition, all Grants under the Plan shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board from time to time.

(i) Market Stand-Off. Except to the extent otherwise consented to by the Committee in the exercise of its sole discretion, no Participant (including any successor or assigns) may sell, make any short sale of, transfer, loan, grant any option for the purchase of, pledge or otherwise dispose of or encumber any shares of Class A Stock acquired or held by the Participant pursuant to Grants (whether newly issued or assumed) subject to this Plan during the one hundred eighty (180) day period following the Effective Date (the "Market Stand-Off"). Each Participant may be required to execute such agreements as may be reasonably requested by the Committee to the extent the Committee determines necessary to give further effect to this Market Stand-Off. The Company may impose stop-transfer instructions with respect to the securities subject to the foregoing restriction until the end of such one hundred eighty (180) day period.

(j) Governing Law; Jurisdiction. The validity, construction, interpretation and effect of the Plan and Grant Instruments issued under the Plan shall be governed and construed by and determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of the Plan and Grants made hereunder shall be brought only in the United States District Court for the District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive.

Exhibit 10.6

23ANDME HOLDING CO.
EMPLOYEE STOCK PURCHASE PLAN

I. PURPOSE OF THE PLAN

This Employee Stock Purchase Plan is intended to promote the interests of 23andMe Holding Co., a Delaware corporation formerly known as VG Acquisition Corp., (together with its successors, the "**Company**") and its subsidiaries by providing eligible employees with the opportunity to acquire a proprietary interest in the Company through participation in an employee stock purchase plan designed to qualify under Section 423 of the Code for one or more specified offerings made under such plan.

The Plan shall become effective on the Effective Date.

II. ADMINISTRATION OF THE PLAN

A. The Plan Administrator shall have full authority to interpret and construe any provision of the Plan and to adopt such rules and regulations for administering the Plan as it may deem necessary in order to bring one or more offerings under the Plan into compliance with the requirements of Code Section 423.

B. The Plan Administrator may authorize one or more offerings under the Plan that are not designed to comply with the requirements of Code Section 423 but are intended to comply with the requirements of the foreign jurisdictions in which those offerings are conducted. Such offerings shall be separate from any offerings designed to comply with the Code Section 423 requirements but may be conducted concurrently with those offerings.

C. Decisions of the Plan Administrator shall be final and binding on all parties having an interest in the Plan.

III. STOCK SUBJECT TO PLAN

A. The stock purchasable under the Plan shall be shares of authorized but unissued or reacquired Class A Stock, including shares of Class A Stock purchased on the open market. The number of shares of Class A Stock reserved for issuance under the Plan shall initially be limited to two percent (2.0%) of the number of shares of Class A Stock and Class B common stock, par value $0.0001 per share, of the Company, taken together, outstanding at the Effective Date.

B. The number of shares of Class A Stock available for issuance under the Plan shall automatically and cumulatively increase on the first trading day in January each calendar year during the term of the Plan, beginning on January 1, 2023, by the least of (i) an amount equal to one percent (1.0%) of the aggregate number of shares of Class A Stock and Class B common stock, par value $0.0001 per share, of the Company, taken together, outstanding as of the last day of the immediately preceding December 31st, (ii) 5,000,000 shares, or (iii) such lesser number of shares as determined by the Board in its discretion.

C. If there is any change in the number or kind of shares of Class A Stock outstanding by reason of (i) a stock dividend, spinoff, recapitalization, stock split, reverse stock split or combination or exchange of shares, (ii) a merger, reorganization or consolidation, (iii) a reclassification or change in par value, or (iv) any other extraordinary or unusual event affecting the outstanding Class A Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Class A Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, then the maximum number and kind of shares of Class A Stock available for issuance under the Plan, the maximum number and kind of shares of Class A Stock purchasable per Participant during any offering period and on any one Purchase Date during that offering period, the number and kind of shares in effect under each outstanding purchase right, the number and kind of shares issued and to be issued under the Plan, and the price per share in effect under each outstanding purchase right shall be equitably adjusted by the Plan Administrator to reflect any increase or decrease in the number of, or change in the kind or value of, the issued shares of Class A Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding purchase rights; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. In addition, in the event of a Change of Control, the provisions of Section VII.H. shall apply. Any adjustments to outstanding purchase rights shall be consistent with Code Section 424, to the extent applicable. The adjustments of grants under this Section shall include adjustment of other terms and conditions as the Plan Administrator deems appropriate. The Plan Administrator shall have the sole discretion and authority to determine what appropriate adjustments shall be made and any adjustments determined by the Plan Administrator shall be final, binding and conclusive.

IV. OFFERING PERIODS

A. Shares of Class A Stock shall be offered for purchase under the Plan through a series of successive offering periods until such time as (i) the maximum number of shares of Class A Stock available for issuance under the Plan shall have been purchased or (ii) the Plan shall have been sooner terminated.

B. Each offering period shall commence at such time and be of such duration not to exceed twenty-seven (27) months, as determined by the Plan Administrator prior to the start of the applicable offering period.

C. The terms and conditions of each offering period may vary, and two or more offerings periods may run concurrently under the Plan, each with its own terms and conditions. In addition, special offering periods may be established with respect to entities that are acquired by the Company (or any subsidiary of the Company) or under such other circumstances as the Plan Administrator deems appropriate. In no event, however, shall the terms and conditions of any offering period contravene the express limitations and restrictions of the Plan, and the participants in each separate offering period conducted by one or more Participating Corporations in the United States shall have equal rights and privileges under that offering in accordance with the requirements of Section 423(b)(5) of the Code and the applicable Treasury Regulations thereunder.

D. Each offering period shall comprise one or more Purchase Intervals as determined by the Plan Administrator.

E. Should the Fair Market Value per share of Class A Stock on any Purchase Date within an offering period be less than the Fair Market Value per share of Class A Stock on the start date of that offering period, then the individuals participating in that offering period shall, immediately after the purchase of shares of Class A Stock on their behalf on such Purchase Date, be transferred from that offering period and automatically enrolled in the offering period commencing on the next business day following such Purchase Date, provided and only if the Fair Market Value per share of Class A Stock on the start date of that new offering period is lower than the Fair Market Value per share of Class A Stock on the start date of the offering period in which they were currently enrolled.

F. An Eligible Employee may participate in only one offering period at a time.

V. ELIGIBILITY

A. Each individual who is an Eligible Employee on the start date of an offering period under the Plan may enter that offering period only on such start date. The date an individual enters an offering period shall be designated as the Entry Date for purposes of that offering period.

B. Each U.S. corporation that becomes a Corporate Affiliate after the Effective Date shall automatically become a Participating Corporation effective as of the start date of the first offering date coincident with or next following the date on which it becomes such an affiliate, unless the Plan Administrator determines otherwise prior to the start date of that offering period. Each non-U.S. corporation that becomes a Corporate Affiliate after the Effective Date shall become a Participating Corporation when authorized by the Plan Administrator to extend the benefits of the Plan to its Eligible Employees.

C. Except as otherwise provided in Sections IV.D and V.A above, the Eligible Employee must, in order to participate in the Plan, complete and submit the enrollment and payroll deduction authorization or other forms prescribed by the Plan Administrator in accordance with enrollment procedures prescribed by the Plan Administrator (which may include accessing the website designated by the Company and electronically enrolling and authorizing payroll deductions or completing other forms) on or before the Eligible Employee's scheduled Entry Date. Once enrolled in the Plan, a Participant shall continue to participate in the Plan until he or she ceases to be an Eligible Employee or withdraws from the Plan under Section VII(G)(i). When a Participant reaches the end of an Offering Period but the Participant's participation is to continue, then such Participant shall automatically be re-enrolled for the Offering Period that commences immediately after the end of the prior Offering Period.

VI. PAYROLL DEDUCTIONS

Except to the extent otherwise determined by the Plan Administrator, payment for shares of Class A Stock purchased under the Plan shall be effected by means of the Participant's authorized payroll deduction. The payroll deductions or other contributions pursuant to Section VI.E. that each Participant may authorize for purposes of acquiring shares of Class A Stock during an offering period may be in any multiple of one percent (1.0%) of the Base Salary paid to that Participant during each Purchase Interval within such offering period, up to a maximum of fifteen percent (15%), unless the Plan Administrator establishes a different maximum percentage prior to the start date of the applicable offering period.

A. For the initial Purchase Interval of the first offering period under the Plan, no payroll deductions shall be required of any Participant until such time as the Participant affirmatively elects to commence such payroll deductions following the Participant's receipt of the Securities Act prospectus for the Plan. For such Purchase Interval, the Participant will be required to contribute up to fifteen percent (15%) of the Participant's Base Salary to the Plan either in a lump sum or one or more installments after receipt of such prospectus and prior to the close of that Purchase Interval should the Participant elect to have shares of Class A Stock purchased on the Participant's behalf on the Purchase Date for that initial Purchase Interval and the Participant's limited payroll deductions (if any) for such Purchase Interval not be sufficient to fund the entire purchase price for those shares.

B. The rate of payroll deduction shall continue in effect throughout the offering period, except for changes effected in accordance with the following guidelines:

(i) The Participant may, at any time during the offering period, reduce the rate of the Participant's payroll deduction (or the percentage of Base Salary to be contributed for the first Purchase Interval of the initial offering period under the Plan) to become effective as soon as administratively possible after filing the appropriate form with the Plan Administrator. The Participant may not, however, effect more than one (1) such reduction per Purchase Interval.

(ii) The Participant may, at any time during the offering period, increase the rate of the Participant's payroll deduction (up to the maximum percentage limit for that offering period) to become effective as soon as administratively possible after filing the appropriate form with the Plan Administrator. The Participant may not, however, effect more than one (1) such increase per Purchase Interval.

(iii) The Participant may at any time reduce the Participant's rate of payroll deduction under the Plan to 0%. Such reduction shall become effective as soon as administratively practicable following the filing of the appropriate form with the Plan Administrator. The Participant's existing payroll deductions shall be applied to the purchase of shares of Class A Stock on the next scheduled Purchase Date.

C. Except as otherwise provided in Section VI.B above, payroll deductions shall begin on the first pay day administratively feasible following the Participant's Entry Date into the offering period and shall (unless sooner terminated by the Participant) continue through the pay day ending with or immediately prior to the last day of that offering period. The payroll deductions or other contributions pursuant to Section VI.E. collected shall be credited to the Participant's book account under the Plan, but, except to the extent otherwise required by applicable law, no interest shall be paid on the balance from time to time outstanding in such account, unless otherwise required by the terms of that offering period. Unless the Plan Administrator determines otherwise prior to the start of the applicable offering period, the amounts collected from the Participant shall not be required to be held in any segregated account or trust fund and may be commingled with the general assets of the Company and used for general corporate purposes. Payroll deductions or other contributions pursuant to Section VI.E. collected

in a currency other than U.S. Dollars shall be converted into U.S. Dollars on the last day of the Purchase Interval in which collected, with such conversion to be based on the exchange rate determined by the Plan Administrator in its sole discretion. Any changes or fluctuations in the exchange rate at which the payroll deductions or other contributions pursuant to Section VI.E. collected on the Participant's behalf are converted into U.S. Dollars on each Purchase Date shall be borne solely by the Participant.

D. Payroll deductions or other contributions pursuant to Section VI.E. shall automatically cease upon the termination of the Participant's purchase right in accordance with the provisions of the Plan.

E. The Plan Administrator may permit Eligible Employees of one or more Participating Corporations to participate in the Plan by making contributions other than through payroll deductions or as a lump sum. The Plan Administrator may adopt such rules and regulations for administering the Plan as it may deem necessary, in its sole and absolute discretion, to facilitate contributions under this Section. Except as required by law, such rules and regulations need not be uniform and may apply to one or more Eligible Employees.

F. The Participant's acquisition of Class A Stock under the Plan on any Purchase Date shall neither limit nor require the Participant's acquisition of Class A Stock on any subsequent Purchase Date, whether within the same or a different offering period.

VII. PURCHASE RIGHTS

A. **Grant of Purchase Right.** A Participant shall be granted a separate purchase right for each offering period in which he or she participates. The purchase right shall be granted on the Participant's Entry Date into the offering period. Prior to the start date of the applicable offering period and subject to the limitations of Article VIII below, the Plan Administrator shall determine the maximum number of shares of Class A Stock that a Participant can purchase on each Purchase Date within that offering period and the maximum number of shares of Class A Stock that each Participant can purchase for that offering period, subject to periodic adjustments in the event of certain changes in the Company's capitalization.

Under no circumstances shall purchase rights be granted under the Plan to any Eligible Employee if such individual would, immediately after the grant, own (within the meaning of Code Section 424(d)) or hold outstanding options or other rights to purchase, stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any Corporate Affiliate.

B. **Exercise of the Purchase Right.** Each purchase right shall be automatically exercised in installments on each successive Purchase Date within the offering period, and shares of Class A Stock shall accordingly be purchased on behalf of each Participant (other than Participants whose payroll deductions have previously been refunded pursuant to the Termination of Purchase Right provisions below) on each such Purchase Date. The purchase shall be effected by applying the Participant's payroll deductions (as converted to U.S. Dollars) or other contributions pursuant to Section VI.E. for the Purchase Interval ending on such Purchase Date to the purchase of whole shares of Class A Stock at the purchase price in effect for the Participant for that Purchase Date.

C. **Purchase Price.** The U.S. Dollar purchase price per share at which Class A Stock will be purchased on the Participant's behalf on each Purchase Date within the offering period will be established by the Plan Administrator prior to the start of that offering period, but in no event shall such purchase price be less than eighty-five percent (85%) of the *lower* of (i) the Fair Market Value per share of Class A Stock on the start date of the offering period to which the purchase date relates or (ii) the Fair Market Value per share of Class A Stock on that Purchase Date. Until such time as otherwise determined by the Plan Administrator, the purchase price per share at which Class A Stock will be purchased on each Purchase Date shall be eighty-five percent (85%) of the Fair Market Value per Share on that Purchase Date.

D. **Number of Purchasable Shares.** The number of shares of Class A Stock purchasable by a Participant on each Purchase Date during the particular offering period in which he or she is enrolled shall be the number of whole shares obtained by dividing the amount collected from the Participant through other contributions pursuant to Section VI.E. during the Purchase Interval ending with that Purchase Date by the purchase price in effect for the Participant for that Purchase Date. However, the maximum number of shares of Class A Stock purchasable per Participant on any one Purchase Date shall be governed by the limitation set forth in Section VII.A, as adjusted periodically in the event of certain changes in the Company's capitalization. In addition, prior to the start of an offering period, the Plan Administrator shall determine the maximum number of shares of Class A Stock purchasable in total by all Participants on any one Purchase Date during that offering period and the maximum number of shares of Class A Stock purchasable in total by all Participants during that offering period, subject to periodic adjustments in the event of certain changes in the Company's capitalization. These limitations shall apply for each subsequent offering period, unless otherwise determined by the Plan Administrator.

E. **Excess Payroll Deductions.** Any payroll deductions or other contributions pursuant to Section VI.E. not applied to the purchase of shares of Class A Stock on any Purchase Date because they are not sufficient to purchase a whole share of Class A Stock shall be held for the purchase of Class A Stock on the next Purchase Date. However, any payroll deductions or other contributions pursuant to Section VI.E. not applied to the purchase of Class A Stock by reason of the limitation on the maximum number of shares purchasable per Participant or in the aggregate on the Purchase Date shall be promptly refunded.

F. **Suspension of Payroll Deductions.** In the event that a Participant is, by reason of the accrual limitations in Article VIII, precluded from purchasing additional shares of Class A Stock on one or more Purchase Dates during the offering period in which he or she is enrolled, then no further payroll deductions or other contributions pursuant to Section VI.E. for that offering period shall be collected from such Participant with respect to those Purchase Dates. The suspension of such deductions or other contributions shall not terminate the Participant's purchase right for the offering period in which he or she is enrolled, and the Participant's payroll deductions or other contributions shall automatically resume on behalf of such Participant once he or she is again able to purchase shares during that offering period in compliance with the accrual limitations of Article VIII. All refunds shall be in the currency in which paid by the Company or applicable Corporate Affiliate.

G. **Termination of Purchase Right.** The following provisions shall govern the termination of outstanding purchase rights:

(i) A Participant may withdraw from the offering period in which he or she is enrolled by filing the appropriate form with the Plan Administrator (or its designate) at any time prior to the next scheduled Purchase Date in that offering period, and no further payroll deductions or other contributions pursuant to Section VI.E. shall be collected from the Participant with respect to the offering period. Any payroll deductions or other contributions pursuant to Section VI.E. collected during the Purchase Interval in which such withdrawal occurs shall, at the Participant's election, be immediately refunded (in the currency in which paid by the Company or applicable Corporate Affiliate) or held for the purchase of shares on the next Purchase Date. If no such election is made at the time of such withdrawal, then the payroll deductions or other contributions pursuant to Section VI.E. collected with respect to the Purchase Interval in which such withdrawal occurs shall be refunded (in the currency in which paid by the Company or applicable Corporate Affiliate) to the Participant as soon as possible.

(ii) The Participant's withdrawal from the offering period shall be irrevocable, and the Participant may not subsequently rejoin that offering period. In order to resume participation in any subsequent offering period, such individual must re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the Participant's scheduled Entry Date into that offering period.

(iii) Should the Participant cease to remain an Eligible Employee for any reason (including death, disability or change in status) while the Participant's purchase right remains outstanding, then that purchase right shall immediately terminate, and all of the Participant's payroll deductions or other contributions pursuant to Section VI.E. for the Purchase Interval in which the purchase right so terminates shall be immediately refunded in the currency in which paid by the Company or applicable Corporate Affiliate. However, should the Participant cease to remain in active service by reason of an approved unpaid leave of absence, then the Participant shall have the right, exercisable up until the last business day of the Purchase Interval in which such leave commences, to (a) withdraw all the payroll deductions or other contributions pursuant to Section VI.E. collected to date on the Participant's behalf for that Purchase Interval or (b) have such funds held for the purchase of shares on the Participant's behalf on the next scheduled Purchase Date. In no event, however, shall any further payroll deductions or other contributions pursuant to Section VI.E. be collected on the Participant's behalf during such leave. Upon the Participant's return to active service (x) within three (3) months following the commencement of such leave or (y) prior to the expiration of any longer period for which such Participant is provided with reemployment rights by statute or contract, the Participant's payroll deductions or other contributions pursuant to Section VI.E. under the Plan shall automatically resume at the rate in effect at the time the leave began, unless the Participant withdraws from the Plan prior to the Participant's return. An individual who returns to active employment following a leave of absence which exceeds in duration the applicable (x) or (y) time period above will be treated as a new Employee for purposes of subsequent participation in the Plan and must accordingly re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the Participant's scheduled Entry Date into the offering period.

H. **Change of Control.** Each outstanding purchase right shall automatically be exercised, immediately prior to the effective date of any Change of Control, by applying the payroll deductions or other contributions pursuant to Section VI.E. of each Participant for the Purchase Interval in which such Change of Control occurs to the purchase of whole shares of Class A Stock at the purchase price per share in effect for that Purchase Internal pursuant to the Purchase Price provisions of Paragraph C of this Article VII. For this purpose, payroll deductions or other contributions pursuant to Section VI.E. shall be converted from the currency in which paid by the Company or applicable Corporate Affiliate into U.S. Dollars on the exchange rate in effect on the purchase date. However, the applicable limitation on the number of shares of Class A Stock purchasable per Participant shall continue to apply to any such purchase, but not the limitation applicable to the maximum number of shares of Class A Stock purchasable in total by all Participants.

The Company shall use reasonable efforts to provide at least ten (10) days prior written notice of the occurrence of any Change of Control, and Participants shall, following the receipt of such notice, have the right to terminate their outstanding purchase rights prior to the effective date of the Change of Control.

I. **Proration of Purchase Rights.** Should the total number of shares of Class A Stock to be purchased pursuant to outstanding purchase rights on any particular date exceed the number of shares then available for issuance under the Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and the payroll deductions or other contributions pursuant to Section VI.E. of each Participant, to the extent in excess of the aggregate purchase price payable for the Class A Stock pro-rated to such individual, shall be refunded.

J. **ESPP Broker Account**. The Company may require that the shares purchased on behalf of each Participant shall be deposited directly into a brokerage account which the Company shall establish for the Participant at a Company-designated brokerage firm. The account will be known as the ESPP Broker Account. Except as otherwise provided below, the deposited shares may not be transferred (either electronically or in certificate form) from the ESPP Broker Account until the ***later*** of the following two periods: (i) the end of the two (2)-year period measured from the Participant's Entry Date into the offering period in which the shares were purchased and (ii) the end of the one (1)-year period measured from the actual purchase date of those shares. Such limitation shall apply both to transfers to different accounts with the same ESPP broker and to transfers to other brokerage firms. Any shares held for the required holding period may thereafter be transferred (either electronically or in certificate form) to other accounts or to other brokerage firms.

The foregoing procedures shall not in any way limit when the Participant may sell the Participant's shares. Those procedures are designed solely to assure that any sale of shares prior to the satisfaction of the required holding period is made through the ESPP Broker Account. In addition, the Participant may request a stock certificate or share transfer from the Participant's ESPP Broker Account prior to the satisfaction of the required holding period should the Participant wish to make a gift of any shares held in that account. However, shares may not be transferred (either electronically or in certificate form) from the ESPP Broker Account for use as collateral for a loan, unless those shares have been held for the required holding period.

The foregoing procedures shall apply to all shares purchased by each Participant in the United States, whether or not that Participant continues in Employee status.

K. **Assignability.** The purchase right shall be exercisable only by the Participant and shall not be assignable or transferable by the Participant.

L. **Stockholder Rights.** A Participant shall have no stockholder rights with respect to the shares subject to the Participant's outstanding purchase right until the shares are purchased on the Participant's behalf in accordance with the provisions of the Plan and the Participant has become a holder of record of the purchased shares.

M. **Withholding Taxes.** The Company's obligation to deliver shares upon exercise of a purchase right under the Plan shall be subject to the satisfaction of all income, employment and payroll taxes, social insurance, contributions, payment on account obligations or other payments required to be collected, withheld or accounted for in connection with the purchase right.

VIII. ACCRUAL LIMITATIONS

A. No Participant shall be entitled to accrue rights to acquire Class A Stock pursuant to any purchase right outstanding under the Plan if and to the extent such accrual, when aggregated with (i) rights to purchase Class A Stock accrued under any other purchase right granted under the Plan and (ii) similar rights accrued under other employee stock purchase plans (within the meaning of Code Section 423) of the Company or any Corporate Affiliate, would otherwise permit such Participant to purchase more than Twenty-Five Thousand U.S. Dollars (US $25,000.00) worth of stock of the Company or any Corporate Affiliate (determined on the basis of the Fair Market Value per share on the date or dates such rights are granted) for each calendar year such rights are at any time outstanding.

B. For purposes of applying such accrual limitations to the purchase rights granted under the Plan, the following provisions shall be in effect:

(i) The right to acquire Class A Stock under each outstanding purchase right shall accrue in a series of installments on each successive Purchase Date during the offering period on which such right remains outstanding.

(ii) No right to acquire Class A Stock under any outstanding purchase right shall accrue to the extent the Participant has already accrued in the same calendar year the right to acquire Class A Stock under one or more other purchase rights at a rate equal to Twenty-Five Thousand U.S., Dollars (U.S. $25,000.00) worth of Class A Stock (determined on the basis of the Fair Market Value per share on the date or dates of grant) for each calendar year such rights were at any time outstanding.

C. If by reason of such accrual limitations, any purchase right of a Participant does not accrue for a particular Purchase Interval, then the payroll deductions or other contributions pursuant to Section VI.E. which the Participant made during that Purchase Interval with respect to such purchase right shall be promptly refunded.

D. In the event there is any conflict between the provisions of this Article VIII and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article VIII shall be controlling.

IX. EFFECTIVEDATE AND TERM OF THE PLAN

A. The Plan shall become effective on the Effective Date; provided, however, that (i) the Plan shall have been approved by the stockholders of the Company and (ii) no purchase rights granted under the Plan shall be exercised, and no shares of Class A Stock shall be issued hereunder, until the Company shall have complied with all applicable requirements of the Securities Act (including the registration of the shares of Class A Stock issuable under the Plan on a Form S-8 registration statement filed with the Securities and Exchange Commission), all applicable listing requirements of any stock exchange on which the Class A Stock is listed for trading and all other applicable requirements established by law or regulation.

B. Unless sooner terminated by the Board, the Plan shall terminate upon the earliest of (i) the last business day in the month before the tenth anniversary of the Effective Date, (ii) the date on which all shares available for issuance under the Plan shall have been sold pursuant to purchase rights exercised under the Plan or (iii) the date on which all purchase rights are exercised in connection with a Change of Control. No further purchase rights shall be granted or exercised, and no further payroll deductions or other contributions shall be collected, under the Plan following such termination.

X. AMENDMENTOF THE PLAN

A. The Board may alter or amend the Plan at any time to become effective as of the start date of the next offering period under the Plan. In addition, the Board may suspend or terminate the Plan at any time to become effective immediately following the close of any Purchase Interval.

B. In no event may the Board effect any of the following amendments or revisions to the Plan without the approval of the Company's stockholders: (i) increase the number of shares of Class A Stock issuable under the Plan, except for permissible adjustments in the event of certain changes in the Company's capitalization or (ii) modify the eligibility requirements for participation in the Plan.

XI. GENERALPROVISIONS

A. All costs and expenses incurred in the administration of the Plan shall be paid by the Company; however, each Plan Participant shall bear all costs and expenses incurred by such individual in the sale or other disposition of any shares purchased under the Plan.

B. Nothing in the Plan shall confer upon the Participant any right to continue in the employ of the Company or any Corporate Affiliate for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Corporate Affiliate employing such person) or of the Participant, which rights are hereby expressly reserved by each, to terminate such person's employment at any time for any reason, with or without cause.

C. The provisions of the Plan shall be governed by the laws of the State of Delaware, without resort to that State's conflict-of-laws rules.

XII. DEFINITIONS

The following definitions shall be in effect under the Plan:

A. **Base Salary** shall, unless otherwise specified by the Plan Administrator prior to the start of an offering period, mean the regular base salary paid to such Participant by one or more Participating Corporations during such individual's period of participation in one or more offering periods under the Plan. Base Salary shall be calculated before deduction of (A) any income or employment tax or other withholdings or (B) any contributions made by the Participant to any Code Section 401(k) salary deferral plan or Code Section 125 cafeteria benefit program now or hereafter established by the Company or any Corporate Affiliate. Base Salary shall not include any contributions made on the Participant's behalf by the Company or any Corporate Affiliate to any employee benefit or welfare plan now or hereafter established (other than Code Section 401(k) or Code Section 125 contributions deducted from such Base Salary).

B. **Board** shall mean the Company's Board of Directors.

C. **Change of Control** shall be deemed to have occurred if:

(i) Any "person" (as such term is used in sections 13(d) and 14(d) of the Exchange Act) becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the voting power of the then outstanding securities of the Company; provided that a Change of Control shall not be deemed to occur as a result of a transaction in which the Company becomes a subsidiary of another corporation and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the parent corporation would be entitled in the election of directors.

(ii) The consummation of (A) a merger or consolidation of the Company with another Person where, immediately after the merger or consolidation, the stockholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, in substantially the same proportion as ownership immediately prior to the merger or consolidation, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the surviving Person would be entitled in the election of directors, or where the members of the Board, immediately prior to the merger or consolidation, will not, immediately after the merger or consolidation, constitute a majority of the board of directors of the surviving corporation or (B) a sale or other disposition of all or substantially all of the assets of the Company.

(iii) A change in the composition of the Board over a period of 12 consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections, or threatened election contests, for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

(iv) The consummation of a complete dissolution or liquidation of the Company.

D. **Class A Stock** shall mean the Company's Class A Common Stock, $0.001 par value.

E. **Code** shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

F. **Corporate Affiliate** shall mean any parent or subsidiary corporation of the Corporation (as determined in accordance with Code Section 424), whether now existing or subsequently established.

G. **Effective Date** shall mean the date upon which the registration statement on Form S-8 that is filed by the Company following stockholder approval in accordance with applicable state law, the Company's bylaws and articles of incorporation, each as amended, and applicable stock exchange rules. Any Corporate Affiliate that becomes a Participating Corporation after such Effective Date shall have a subsequent Effective Date with respect to its employee-Participants as determined in accordance with Section V.C of the Plan.

H. **Eligible Employee** shall mean any person who is employed by a Participating Corporation and, unless otherwise mandated by local law, such person is employed on a basis under which he or she is regularly expected to render more than twenty (20) hours of service per week for more than five (5) months per calendar year for earnings that are considered wages under Code Section 3401(a); provided, however, that the Plan Administrator may, prior to the start of the applicable offering period, waive one or both of the twenty (20) hour and five (5) month service requirements.

I. **Entry Date** shall mean the date an Eligible Employee first commences participation in the offering period in effect under the Plan.

J. **Exchange Act** shall mean the Securities Exchange Act of 1934, as amended.

K. **Fair Market Value** shall mean:

i. For so long as the Class A Stock is publicly traded, the Fair Market Value per share shall be determined as follows: (A) if the principal trading market for the Class A Stock is a national securities exchange, the closing sales price during regular trading hours on the relevant date or, if there were no trades on that date, the latest preceding date upon which a sale was reported, or (B) if the Class A Stock is not principally traded on any such exchange, the last reported sale price of a share of Class A Stock during regular trading hours on the relevant date, as reported by the OTC Bulletin Board.

ii. If the Class A Stock is not publicly traded or, if publicly traded, is not subject to reported transactions as set forth above, the Fair Market Value per share shall be determined by the Board through any reasonable valuation method authorized under the Code.

L. **Participant** shall mean any Eligible Employee of a Participating Corporation who is actively participating in the Plan.

M. **Participating Corporation** shall mean the Company and such Corporate Affiliate or Corporate Affiliates as may be authorized, in accordance with Section V.C of the Plan, to extend the benefits of the Plan to their Eligible Employees.

N. **Person** shall mean any natural person, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other legal entity of any nature whatsoever.

O. **Plan** shall mean the 23andMe Holding Co. Employee Stock Purchase Plan, as set forth in this document.

P. **Plan Administrator** shall mean the Compensation Committee of the Board or such other committee of two (2) or more Board members appointed by the Board to administer the Plan.

Q. **Purchase Date** shall mean the last business day of each Purchase Interval.

R. **Purchase Interval** shall mean each successive six (6)-month period within the offering period at the end of which there shall be purchased shares of Class A Stock on behalf of each Participant; provided, however, that the Plan Administrator may, prior to the start of the applicable offering period, designate a different duration for the Purchase Intervals within that offering period.

S. **Securities Act** shall mean the Securities Act of 1933, as amended.

Exhibit 21.1

List of Subsidiaries

of

23andMe Holding Co.

1. 23andMe, Inc.

Exhibit 99.1

23ANDME HOLDING CO.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
23andMe Holding Co.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of 23andMe Holding Co. and subsidiary (the Company) as of March 31, 2021 and 2020, the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' deficit, and cash flows for each of the years in the three-year period ended March 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2020.

Santa Clara, California
June 21, 2021

23ANDME HOLDING CO.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	As of March 31, 2021	As of March 31, 2020
Assets		
Current assets:		
Cash	$ 282,489	$ 207,942
Restricted cash	1,399	1,399
Accounts receivable, net	2,481	6,392
Inventories	6,239	14,122
Deferred cost of revenue	5,482	6,645
Prepaid expenses and other current assets	15,485	13,088
Assets held for sale	—	2,933
Total current assets	313,575	252,521
Property and equipment, net	60,884	77,882
Operating lease right-of-use assets	63,122	60,608
Restricted cash, noncurrent	6,974	6,974
Internal-use software, net	6,889	5,417
Other assets	654	1,228
Total assets	$ 452,098	$ 404,630
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit		
Current liabilities:		
Accounts payable (related party amounts of $4,422 and $4,231 as of March 31, 2021 and 2020, respectively)	$ 12,271	$ 13,085
Accrued expenses and other current liabilities (related party amounts of $7,065 and $3,548 as of March 31, 2021 and 2020, respectively)	31,953	34,660
Deferred revenue (related party amounts of $30,140 and $41,683 as of March 31, 2021 and 2020, respectively)	71,255	84,090
Operating lease liabilities	6,140	7,613
Total current liabilities	121,619	139,448
Deferred revenue, noncurrent (related party amounts of $0 and $3,374 as of March 31, 2021 and 2020, respectively)	—	3,374
Operating lease liabilities, noncurrent	87,582	82,709
Other liabilities (related party amounts of $0 and $43,821 as of March 31, 2021 and 2020, respectively)	1,165	44,899
Total liabilities	210,366	270,430
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock		
Redeemable convertible preferred stock, $0.00001 par value per share, 91,342,476 and 86,443,341 shares authorized as of March 31, 2021 and 2020, respectively; 91,198,378 and 86,443,341 shares issued and outstanding as of March 31, 2021 and 2020, respectively; aggregate liquidation preference of $874,107 and $791,607 as of March 31, 2021 and 2020, respectively	837,351	755,083
Stockholders' deficit		
Common stock, $0.00001 par value per share, 170,433,050 and 165,533,915 Class A shares authorized as of March 31, 2021 and 2020, respectively; 9,030,428 and 8,158,861 shares issued and outstanding as of March 31, 2021 and 2020, respectively; 166,083,307 and 161,184,172 Class B shares authorized as of March 31, 2021 and 2020, respectively; 45,261,712 and 36,159,437 shares issued and outstanding as of March 31, 2021 and 2020, respectively; 31,510,712 Class C shares authorized as of March 31, 2021 and 2020; zero shares issued and outstanding as of March 31, 2021 and 2020	—	—
Additional paid-in capital	381,619	172,736
Accumulated deficit	(977,238)	(793,619)
Total stockholders' deficit	(595,619)	(620,883)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 452,098	$ 404,630

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

23ANDME HOLDING CO.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)

	Year Ended March 31,		
	2021	2020	2019
Revenue (related party amounts of $39,917, $26,749 and $9,514 for the years ended March 31, 2021, 2020 and 2019, respectively)	$ 243,920	$ 305,463	$ 440,900
Cost of revenue (related party amounts of $(1,400), $994 and $(169) for the years ended March 31, 2021, 2020 and 2019, respectively)	126,914	168,031	248,010
Gross profit	117,006	137,432	192,890
Operating expenses:			
Research and development (related party amounts of $18,684, $19,058 and $6,315 for the years ended March 31, 2021, 2020 and 2019, respectively)	159,856	181,276	140,532
Sales and marketing	43,197	110,519	190,848
General and administrative	99,149	59,392	50,293
Restructuring and other charges	—	44,692	—
Total operating expenses	302,202	395,879	381,673
Loss from operations	(185,196)	(258,447)	(188,783)
Interest and other income, net	1,577	7,584	5,250
Net and comprehensive loss	$ (183,619)	$ (250,863)	$ (183,533)
Net loss per share of Class A and B common stock attributable to common stockholders, basic and diluted	$ (4.23)	$ (6.52)	$ (5.32)
Weighted-average shares used in computing net loss per share of Class A and B common stock attributable to common stockholders, basic and diluted	43,449,826	38,453,767	34,482,458

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

23ANDME HOLDING CO.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in thousands, except share and per share data)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of April 1, 2018	69,152,275	$482,797	33,011,344	$ —	$ 52,438	$ (359,223)	$ (306,785)
Issuance of Series F-1 redeemable convertible preferred stock at $17.35 per share, net of issuance costs of $394	17,291,066	272,286	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	3,135,088	—	5,821	—	5,821
Issuance of common stock related to early exercise of stock options	—	—	5,777,084	—	—	—	—
Vesting of early exercised stock options	—	—	—	—	5,654	—	5,654
Stock-based compensation expense	—	—	—	—	37,561	—	37,561
Net loss	—	—	—	—	—	(183,533)	(183,533)
Balance as of March 31, 2019	86,443,341	$755,083	41,923,516	$ —	$101,474	$ (542,756)	$ (441,282)
Issuance of common stock upon exercise of stock options	—	—	2,394,782	—	8,732	—	8,732
Vesting of early exercised stock options	—	—	—	—	16,962	—	16,962
Stock-based compensation expense	—	—	—	—	45,568	—	45,568
Net loss	—	—	—	—	—	(250,863)	(250,863)
Balance as of March 31, 2020	86,443,341	$755,083	44,318,298	$ —	$172,736	$ (793,619)	$ (620,883)
Issuance of Series F-1 redeemable convertible preferred stock at $17.35 per share, net of issuance costs of $232	4,755,037	82,268	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	5,130,613	—	29,092	—	29,092
Issuance of common stock related to early exercise of stock options	—	—	4,843,229	—	—	—	—
Vesting of early exercised stock options	—	—	—	—	91,046	—	91,046
Stock-based compensation expense	—	—	—	—	88,745	—	88,745
Net loss	—	—	—	—	—	(183,619)	(183,619)
Balance as of March 31, 2021	91,198,378	$837,351	54,292,140	$ —	$381,619	$ (977,238)	$ (595,619)

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

23ANDME HOLDING CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended March 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net loss	$(183,619)	$(250,863)	$(183,533)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	18,078	22,249	9,901
Amortization and impairment of internal-use software	2,168	1,040	—
Stock-based compensation expense	88,425	44,838	37,491
Gain on sale of property and equipment	57	6	—
Gain on lease termination	(876)	—	—
Impairment of long-lived assets	—	33,213	—
Changes in operating assets and liabilities:			
Accounts receivable (related party amounts of $0, $2,000 and $(2,000) for the years ended March 31, 2021, 2020 and 2019, respectively)	3,912	4,207	(3,889)
Inventories	7,884	(440)	12,524
Deferred cost of revenue	1,163	7,184	5,720
Prepaid expenses and other current assets	2,126	3,379	(2,397)
Operating lease right-of-use assets	10,288	14,557	6,317
Other assets	573	480	330
Accounts payable (related party amounts of $191, $4,231 and $0 for the years ended March 31, 2021, 2020 and 2019, respectively)	137	(29,809)	5,329
Accrued expenses and other current liabilities (related party amounts of $3,517, $(2,599) and $6,147 for the years ended March 31, 2021, 2020 and 2019, respectively)	82	4,916	2,999
Deferred revenue (related party amounts of $(14,917), $251 and $44,805 for the years ended March 31, 2021, 2020 and 2019, respectively)	(16,210)	(35,333)	15,461
Operating lease liabilities	(8,528)	(5,431)	(4,370)
Other liabilities	88	41	—
Net cash used in operating activities	(74,252)	(185,766)	(98,117)
Cash flows from investing activities:			
Purchases of property and equipment	(4,054)	(68,371)	(27,400)
Proceeds from sale of property and equipment	838	765	—
Capitalized internal-use software costs	(3,320)	(5,217)	(440)
Net cash used in investing activities	(6,536)	(72,823)	(27,840)
Cash flows from financing activities:			
Proceeds from issuance of redeemable convertible preferred stock (related party amounts of $0, $0 and $272,680 for the year ended March 31, 2021, 2020 and 2019, respectively)	82,500	—	272,680
Payments for issuance costs of redeemable convertible preferred stock	(232)	—	(394)
Proceeds from exercise of stock options (related party amounts of $67,359, $0 and $67,850 for the years ended March 31, 2021, 2020 and 2019, respectively)	76,151	8,830	72,162
Payments of deferred offering costs	(3,084)	—	—
Net cash provided by financing activities	155,335	8,830	344,448
Net increase (decrease) in cash and restricted cash	74,547	(249,759)	218,491
Cash and restricted cash—beginning of period	216,315	466,074	247,583
Cash and restricted cash—end of period	$ 290,862	$ 216,315	$ 466,074
Supplemental disclosures of non-cash investing and financing activities:			
Purchases of property and equipment during the period included in accounts payable and accrued expenses	$ 535	$ 3,221	$ 8,644
Stock-based compensation capitalized for internal-use software costs	$ 637	$ 792	$ 70
Vesting of related party early exercised stock options	$ 91,046	$ 16,962	$ 5,654
Deferred offering costs during the period included in accounts payable and accrued expenses	$ 887	$ —	$ —
Reconciliation of cash and restricted cash within the consolidated balance sheets to the amounts shown in the consolidated statements of cash flows above:			
Cash	$ 282,489	$ 207,942	$ 452,747
Restricted cash, current	1,399	1,399	6,353
Restricted cash, noncurrent	6,974	6,974	6,974
Total cash and restricted cash	$ 290,862	$ 216,315	$ 466,074

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

1. Organization and Description of Business

Description of Business

23andMe Holding Co. and its subsidiary (the "Company") is dedicated to helping people access, understand, and benefit from the human genome. The Company pioneered direct-to-consumer genetic testing through its Personal Genome Service products and services (PGS). Consumers receive reports that provide them with information on their genetic health risks, their ancestry, and their traits, based on genetic testing of a saliva sample they send to the Company in an easy-to-use "spit kit" the Company provides. Consumers have the option to participate in the Company's research programs. The Company analyzes consenting consumers' genotypic and phenotypic data to discover new insights into genetics. The Company uses these insights to generate new PGS reports, and, through its therapeutics business and collaborations with pharmaceutical companies and universities, to discover and advance new therapies for unmet medical needs. The Company was incorporated in Delaware in 2006 and is headquartered in Sunnyvale, California.

On June 16, 2021, the Company consummated the transactions contemplated by the Agreement and Plan of Merger, dated February 4, 2021, as amended on February 13, 2021 and March 25, 2021 (the "Merger Agreement"), among VG Acquisition Corp ("VGAC"), Chrome Merger Sub and 23andMe, Inc. Pursuant to the Merger Agreement, VGAC changed its jurisdiction of incorporation to Delaware and changed its name to 23andMe Holding Co. ("New 23andMe"), with 23andMe, Inc. surviving the merger as a wholly-owned subsidiary of 23andMe Holding Co. (the "Merger"). Refer to "*Merger Agreement*" section in Note 15 "*Subsequent Events*" for further details.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Company's fiscal year ends on March 31. References to fiscal year 2021, 2020 and 2019, refer to the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period and the accompanying notes. Significant items subject to such estimates and assumptions include, but are not limited to, the determination of standalone selling price for various performance obligations; the estimated expected benefit period for the rate and recognition pattern of breakage revenue for purchases where a saliva collection kit is never returned for processing; reserves for customer refunds and sales incentives; the fair value of financial assets and liabilities; the capitalization and estimated useful life of internal use software; the useful life of long-lived assets; the timing and costs associated with asset retirement obligations; the incremental borrowing rate for operating leases; stock-based compensation including the determination of the fair value of the Company's common stock and stock options; and the valuation of deferred tax assets and uncertain tax positions. The Company bases these estimates on historical and anticipated results, trends and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from these estimates, and such differences could be material to the consolidated financial statements.

The novel coronavirus ("COVID-19") pandemic has created significant global economic uncertainty and resulted in the slowdown of economic activity. COVID-19 has disrupted the Company's general business operations since March of 2020 and will continue to do so for an unknown period. In the last quarter of fiscal year 2020, the Company recorded impairment losses of $12.6 million to operating ROU assets associated with the Company's operating lease in Sunnyvale, California, as a result of foreseeable future sublease rental income reduced and delayed by the pandemic. See Note 5, "*Restructuring*", for more details. As of the date of issuance of these consolidated financial statements, the extent to which COVID-19 may impact the future financial condition or results of operations is still uncertain. The Company is not aware of any specific event or circumstance that would require revisions to estimates, updates to judgments, or adjustments to the carrying value of assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and will be recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the consolidated financial statements.

Foreign Currency

The Company has no foreign subsidiaries. The functional currency of the Company is the U.S. dollar. Accordingly, foreign currency assets and liabilities are remeasured into U.S. dollars at the end-of-period exchange rates except for non-monetary assets and liabilities, which are measured at historical exchange rates. Revenue and expenses are remeasured each day at the exchange rate in effect on the day the transaction occurred. Foreign currency transaction gains and losses have been immaterial during the periods presented.

Comprehensive Loss

Comprehensive loss consists of other comprehensive income (loss) and net loss. The Company did not have any other comprehensive income (loss) transactions during the periods presented. Accordingly, comprehensive loss is equal to net loss for the periods presented.

Concentration of Supplier Risk

Certain of the raw materials, components and equipment associated with the deoxyribonucleic acid ("DNA") microarrays and saliva collection kits ("Kits") used by the Company in the delivery of its services are available only from third-party suppliers. The Company also relies on a third-party laboratory service for the processing of its customer samples. Shortages and slowdowns could occur in these essential materials, components, equipment and laboratory services due to an interruption of supply or increased demand in the industry. If the Company were unable to procure certain materials, components, equipment or laboratory services at acceptable prices, it would be required to reduce its laboratory operations, which could have a material adverse effect on its results of operations.

A single supplier accounted for 100% of the Company's total purchases of microarrays and a separate single supplier accounted for 100% of the Company's total purchases of Kits for the fiscal years ended March 31, 2021, 2020 and 2019. One laboratory service provider accounted for 100% of the Company's processing of customer samples for the fiscal years ended March 31, 2021, 2020 and 2019.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk include cash and accounts receivable. The Company maintains its cash with high-quality financial institutions in the United States, the composition and maturities of which are regularly monitored by the Company. The Company's revenue and accounts receivable are derived primarily from the United States. See Note 2, "*Summary of Significant Accounting Policies*", for additional information regarding geographical disaggregation of revenue. The Company grants credit to its customers in the normal course of business, performs ongoing credit evaluations of its customers and does not require collateral. The Company regularly monitors the aging of accounts receivable balances.

Significant customer information is as follows:

	March 31, 2021	March 31, 2020
Percentage of accounts receivable:		
Customer A	0%	89%
Customer C	35%	2%
Customer D	40%	0%

	Year Ended March 31,		
	2021	2020	2019
Percentage of revenue:			
Customer C	21%	25%	24%
Customer B	16%	8%	2%

Cash and Restricted Cash

Cash consists of cash in the bank and bank deposits. Cash balances are with U.S. banks and are insured to the extent defined by the Federal Deposit Insurance Corporation. The Company maintains certain cash amounts restricted as to its withdrawal or use. The Company held total restricted cash of $8.4 million and $8.4 million as of March 31, 2021 and 2020, respectively, which are related to letters of credit in connection with operating lease agreements, as well as collateral held against the Company's corporate credit cards.

Fair Value Measurements

Fair value is defined as the exchange price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures financial assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Fair Value Measurements

Cash is stated at fair value on a recurring basis. Restricted cash, accounts receivable, accounts payable, and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date. There were no other financial instruments in the Level 1, Level 2 or Level 3 categories as of March 31, 2021 and 2020.

Nonrecurring Fair Value Measurements

Certain items were recorded at fair value on a nonrecurring basis in the Company's financial statements for fiscal years ended March 31, 2021, 2020 and 2019.

Long-lived assets within an asset group, which included right of use assets, leasehold improvements and property and equipment, were measured at fair value on a nonrecurring basis at March 31, 2020 due to an impairment recognized on those assets at that date (see Note 5, "*Restructuring*"). Fair value of the asset group was estimated as $21.5 million using discounted cash flows under the income approach and was classified in Level 3 of the fair value hierarchy. Under the income approach, the cash flows were discounted at 9.0% and incorporated assumptions based on the Company's best estimate of future sub-lease income and sub-lease term for a portion of its headquarters facility.

Series F-1 preferred stock issued in connection with a collaboration agreement in July 2018 was measured at fair value on a nonrecurring basis at the date of issuance (see Note 3, "*Collaborations*"). Fair value of 17,291,066 shares of preferred stock was estimated as $272.7 million and was developed using an Option Pricing Model which allocated the Company's concluded fair value of equity across the Company's various classes of preferred and common stock at the date of issuance. The concluded equity value of the Company was estimated using both income and market approaches and was classified in Level 3 of the fair value hierarchy. The two approaches were equally weighted. Under the income approach, the cash flows for the Consumer & Research Services segment and the Therapeutics segment were discounted at 16% and 20%, respectively. The market approach applied selected multiples from guideline public companies to the Company's historical and projected revenues.

Accounts Receivable, Net

Accounts receivable are recorded at the invoiced amount, net of estimated reserves for customer refunds and sales incentives, and are not interest-bearing. Accounts receivable represent amounts billed to the customers for bulk order and retail sales, and amounts billed under research services arrangements. Accounts receivable deemed uncollectable are charged against the estimated reserves when identified. The estimated reserves are based on the Company's assessment of the collectability of accounts. The Company regularly reviews the adequacy of the estimated reserves based on a combination of factors, including an assessment of past collection experience, credit quality of the customer, customer's aging balance, nature and size of the customer, the financial condition of the customer and the amount of any receivables in dispute. The reserve for sales incentives and bad debt were immaterial for all periods presented.

Inventories

Inventories consist primarily of raw material of Kits and DNA microarrays and are stated at the lower of cost or net realizable value. Kits are shipped to and stored at third-party warehouses and retail consignment sites. DNA microarrays are shipped and stored at third-party laboratories. All inventories are expected to be delivered to the Company's customers within a normal operating cycle for the Company, which is 12 months. Accordingly, all the Company's Kits and DNA microarrays are classified as current assets in the consolidated balance sheets. Cost is determined using standard cost, which approximates the average cost of the inventory items, including shipping and taxes. The Company has determined that all of its inventories would be sold above cost, and that no reserve for lower of cost or net realizable value is required for the Company's inventories as of March 31, 2021 and 2020.

Deferred Cost of Revenue

Deferred cost of revenue consists primarily of the purchase costs and shipping and fulfillment costs of Kits that have been shipped to consumers and non-consigned retail sites. Deferred cost of revenue is recognized as cost of revenue when the performance obligation to which it relates is fulfilled, which is when the Kit is processed and initial results are made available to the customer, and the respective deferred revenue is recognized.

Impairment Losses of Deferred Cost of Revenue

The Company recognizes an impairment loss when the costs incurred to date recorded as deferred cost of revenue plus the estimated direct costs to fulfill the performance obligations under the contract exceed the amount of consideration the Company received and expects to receive in the future. For the fiscal year ended March 31, 2021, no impairment loss was recorded. For the fiscal years ended March 31, 2020 and 2019, the Company recorded an impairment loss of $1.3 million and $6.5 million, respectively, of which $0.4 million and $2.2 million, respectively, was recorded as a reduction of deferred cost of revenue, and $0.9 million and $4.3 million, respectively, was recorded in accrued expenses and other current liabilities in the consolidated balance sheets for unrecoverable direct costs expected to be incurred in future periods.

Property and Equipment, Net

Property and equipment are stated at cost net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheets, and any resulting gain or loss is reflected in consolidated statements of operations in the period realized.

The estimated useful lives of the Company's property and equipment are as follows:

Computer and software	3 years
Laboratory equipment and software	5 years
Furniture and office equipment	5 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

Assets Held for Sale

The Company classifies its long-lived assets to be sold as held for sale when the following criteria are met (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or its fair value, less costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Depreciation is not charged against assets classified as held for sale. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period it remains classified as held for sale and reports any subsequent losses as an adjustment to its carrying value.

Internal-Use Software

Costs related to software acquired, developed, or modified solely to meet the Company's internal requirements, with no substantive plans to market such software at the time of development, and certain costs related to the direct development of the Company's customer platform are capitalized. Costs incurred during the preliminary planning and evaluation stage of the project and during the post-implementation operational stage are expensed as incurred. Costs incurred during the application development stage of the project are capitalized and amortized using the straight-line method over the estimated useful life of two to four years. The Company capitalized $4.0 million, $6.0 million and $0.5 million in internal-use software during the fiscal years ended March 31, 2021, 2020 and 2019, respectively. Internal-use software is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an internal-use software asset may not be recoverable. The Company recognized $0.5 million of impairment related to internal-use software during the fiscal year ended March 31, 2021 as a result of changes in business needs. The Company recognized $0.7 million of impairment related to internal-use software during the fiscal year ended March 31, 2020 as a result of restructuring activities. There was no impairment related to internal-use software during the fiscal year ended March 31, 2019.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets, which include depreciable tangible assets such as property and equipment, and right of use assets related to operating leases for impairment whenever events or changes in circumstances indicate that the carrying value of long-lived assets may not be recoverable. The recoverability of these assets is measured by comparing the carrying amounts to the future undiscounted cash flows these assets are expected to generate. The Company recognizes an impairment in the event the carrying amount of such assets exceeds the fair value attributable to such assets. During the fiscal year ended March 31, 2020, impairments to long-lived assets were $33.2 million and recorded within restructuring and other charges in the consolidated statements of operations. There was no impairment to long-lived assets during the fiscal years ended March 31, 2021 and 2019.

Leases

The Company's lease portfolio includes leased offices, dedicated lab facility and storage space, and dedicated data center facility space, all of which are accounted for as operating leases. All lease arrangements are recognized at lease commencement. Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized at commencement based on the present value of fixed payments not yet paid over the lease term. Operating lease ROU assets represent the Company's right to use an underlying asset during the reasonably certain lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received.

When considering the future lease payments to be included in the measurement of the operating lease liabilities, the Company includes payments to be made in optional renewal periods only if it is reasonably certain to exercise the option, and will include periods covered by a termination option only if it is reasonably certain that it will not exercise such option. In addition, the Company elected not to utilize the hindsight practical expedient to determine the lease term for existing leases at adoption. The Company uses the incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as the Company's leases generally do not provide an implicit rate. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, in an economic environment where the leased asset is located.

Real estate leases of office facilities are the most significant leases held by the Company. For these leases, the Company has elected the practical expedient permitted under ASC 842 to account for the lease and non-lease components as a single lease component. As the Company enters into real estate leases, property tax, insurance, common area maintenance and utilities are generally variable lease payments that do not depend on an index or rate, and therefore, they are excluded from the lease liabilities and expensed as incurred in accordance with ASC 842. The Company reassesses the lease term if and when a significant event or change in circumstances occurs within its control. None of the Company's lease agreements contain significant residual value guarantees, restrictions, or covenants. The Company currently does not have any finance leases.

Asset Retirement Obligations

The Company's asset retirement obligations ("ARO") relate to contractual obligations to return the Sunnyvale, California headquarters facility to its original condition at the end of the lease term. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. The asset retirement obligations are depreciated on a straight-line basis over the useful lives of the related assets. Subsequent to initial recognition, the Company records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The Company derecognizes ARO liabilities when the related obligations are settled.

Revenue Recognition

The Company generates revenue from consumer services, including PGS, research services and therapeutics. In accordance with Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration that the Company expects to receive in exchange for these goods or services. To achieve the core principle of this standard, the Company applies the following five steps:

1. *Identification of the contract, or contracts, with a customer*
2. *Identification of the performance obligations in the contract*
3. *Determination of the transaction price*
4. *Allocation of the transaction price to the performance obligations in the contract*
5. *Recognition of revenue when, or as, a performance obligation is satisfied.*

Each of the Company's significant performance obligations and the Company's application of ASC 606 to its revenue arrangements are discussed in further detail below.

Contracts with customers for both consumer and research services contain multiple performance obligations that qualify as distinct performance obligations. The Company allocates revenue to each performance obligation based on the

standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. If SSP is not directly observable, then SSP is estimated using judgment while considering all reasonably available information. To determine the SSP, the Company considers multiple factors including, but not limited to, third-party evidence for similar services, historical pricing, customer usage statistics, internal costs, gross margin objectives, independent valuations, and marketing and pricing strategies.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days of the invoice date. In certain arrangements, the Company receives payment from a customer either before or after the performance obligation has been satisfied; however, the Company's contracts do not contain a significant financing component. The primary purpose of the Company's invoicing terms is to provide customers with simplified and predictable ways of purchasing its services, and not to receive financing from or provide financing to its customers. Revenue is recorded net of sales tax.

Consumer Services

The Company enters into a contract for consumer services once the customer accepts the terms of service or initiates the service by providing payment to the Company. The transaction price is the amount which the Company expects to be entitled to in exchange for providing services and is calculated as the selling price net of variable consideration which may include estimates for future returns and sales incentives. Consumer services is composed of five distinct performance obligations:

1. *Initial ancestry reports*
2. *Initial health reports*
3. *Ancestry updates*
4. *Health updates*
5. *Subscription service reports*

Initial reports are distinct from updates as customers can benefit from the information provided from the initial ancestry and health reports without the updates. Accordingly, subsequent updates are additive and, therefore are separately identifiable. Transfer of control for both initial ancestry and initial health reports occur at the time the reports are uploaded to the customer's account and notification has been provided to the customer. Transfer of control for ancestry and health report updates occurs over time by providing updates to a customer's reports and features after the initial upload of the ancestry and health reports. This expected service period to provide updates is based on the estimated active life of a customer, which is estimated to be three months for ancestry report updates and twelve months for health report updates. The Company began offering a subscription service in fiscal 2021 where the customer can access additional health-related reports by paying an additional upfront payment for a specified term (currently one year). Transfer of control for these subscription-based reports occurs over time by providing content updates over the subscription term. The majority of consumer services revenue is recognized upon the initial transfer of ancestry and health reports to the consumer. Upon sale of consumer services, deferred revenue is recorded for the net amount paid by the customer and is recognized after the customer returns the Kit, the lab processes the sample, and the initial reports are uploaded to the customer's account, and the customer is notified.

The Company sells through multiple channels, including direct to consumer via the Company's website, and both online and traditional retailers. If the customer does not return the Kit, services cannot be completed by the Company, potentially resulting in unexercised rights ("breakage") revenue. To estimate breakage, the Company applies the practical expedient available under ASC 606 to assess its customer contracts on a portfolio basis as opposed to individual customer contracts, due to the similarity of customer characteristics, at the sales channel level. The Company recognizes the breakage amounts as revenue, proportionate to the pattern of revenue recognition of the returning kits in these respective sales channel portfolios. The Company estimates breakage for the portion of Kits not expected to be returned using an analysis of historical data and considers other factors that could influence customer Kit return behavior. The Company updates its breakage rate estimate periodically and, if necessary, adjusts the deferred revenue balance accordingly. If actual return patterns vary from the estimate, actual breakage revenue may differ from the amounts recorded. The Company recognized breakage revenue from unreturned Kits of $24.1 million, $38.0 million and $57.0 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

Fees paid to certain sales channel partners include, in part, compensation for obtaining PGS contracts. Such contracts have an amortization period of one year or less, and the Company has applied the practical expedient to recognize these costs when incurred. These costs were $3.3 million, $3.9 million and $9.9 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

The Company allows its customers to return products for credit subject to certain limitations. A provision for such returns is established based on historical trends and available data. During the periods presented, the Company had minimal product returns and estimated the reserve for the future returns to be immaterial. Credit card processing fees related to consumer revenue are recorded as incurred in general and administrative expenses in the consolidated statements of operations.

Research Services

The Company enters into contracts with customers to provide research services with payments based on fixed-fee arrangements. Where fees are variable, the Company estimates the most likely amount it expects to receive in determining the transaction price, such that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the Company enters into multiple contracts with a single counterparty, the Company evaluates the facts and circumstances to determine whether the contracts should be combined and accounted for as one arrangement or as separate arrangements. The nature of the distinct performance obligations within research services include:

1. *Genotyping*
2. *Survey*
3. *Data analysis*
4. *Recruitment*
5. *Web development*
6. *Project management*
7. *Dedicated research time*

Each of the above services are capable of being distinct as customers can benefit from each service on their own and are separately identifiable as each service can be independently fulfilled without a high reliance on another service. Transfer of control for research services occurs over time as the services are performed. The Company generally recognizes revenue over time using an input method utilizing direct labor hours incurred as a percentage of total estimated hours to measure performance.

Therapeutics

Therapeutics revenue consists of the out-licensing of intellectual property associated with identified drug targets.

Disaggregation of Revenue

The following table presents revenue by category:

	Year Ended March 31,					
	2021		2020		2019	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage of Revenue
	(in thousands, except percentages)					
Consumer services	$197,525	81%	$271,639	89%	$425,534	96%
Research services	46,341	19	28,268	9	12,385	3
Therapeutics	54	0	5,556	2	2,981	1
Total	$243,920	100%	$305,463	100%	$440,900	100%

Substantially all consumer services revenue is recognized at the point in time of the initial transfer of reports to the consumer, and substantially all research services revenue is recognized over time as services are performed. Substantially all therapeutics revenue is recognized at the point in time intellectual property is transferred.

The following table summarizes revenue by region based on the shipping address of customers or the location where the services are delivered:

	Year Ended March 31,					
	2021		2020		2019	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage of Revenue
	(in thousands, except percentages)					
United States	$176,120	72%	$241,769	79%	$390,757	89%
United Kingdom	49,386	20	41,770	14	22,194	5
Canada	12,172	5	14,481	5	18,588	4
Other regions	6,242	3	7,443	2	9,361	2
International	67,800	28	63,694	21	50,143	11
Total	$243,920	100%	$305,463	100%	$440,900	100%

Contract Balances

Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets include amounts associated with contractual rights related to consideration for performance obligations not yet billed and are included in prepaid expenses and other current assets in the consolidated balance sheets. The amount of contract assets was immaterial as of March 31, 2021 and 2020.

Contract liabilities consist of deferred revenue. Revenue is deferred when the Company invoices in advance of fulfilling performance obligations under a contract. Deferred revenue primarily relates to Kits that have been shipped to consumers and non-consigned retail sites but not yet returned for processing by the consumer, as well as research services billed in advance of performance. Deferred revenue is recognized when the obligation to deliver results to the customer is satisfied, and when research services are ultimately performed.

As of March 31, 2021 and 2020, deferred revenue for consumer services was $39.3 million and $38.8 million, respectively. Of the $38.8 million, $74.1 million and $103.9 million of deferred revenue for consumer services as of March 31, 2020, 2019 and 2018, respectively, the Company recognized $34.4 million, $59.9 million and $99.9 million as revenue during the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

As of March 31, 2021 and 2020, deferred revenue for research services was $31.9 million and $48.6 million, respectively, including related party deferred revenue amounts of $30.1 million and $45.1 million, respectively. There was no related party deferred revenue prior to fiscal year 2019. Of the $48.6 million, $48.7 million and $3.4 million of deferred revenue for research services as of March 31, 2020, 2019 and 2018, respectively, the Company recognized $42.8 million, $28.7 million and $1.9 million as revenue during the fiscal years ended March 31, 2021, 2020 and 2019, respectively. Out of the above-mentioned $42.8 million and $28.7 million revenue recognized during the fiscal year ended March 31, 2021 and 2020, respectively, related party revenue amount was $39.9 million and $26.7 million, respectively.

Remaining Performance Obligations

The transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that are expected to be billed and recognized as revenue in future periods. The Company has utilized the practical expedient available under ASC 606 to not disclose the value of unsatisfied performance obligations for PGS as those contracts have an expected length of one year or less. As of March 31, 2021 and 2020, the aggregate amount of the transaction price allocated to remaining performance obligations for research services was $61.9 million and $108.3 million, respectively. These amounts are expected to be recognized over a remaining subsequent period of approximately 1 to 3 years from the reporting date.

Cost of Revenue

Cost of revenue for PGS primarily consists of cost of raw materials, lab processing fees, personnel-related expenses, including salaries and benefits and stock-based compensation, shipping and handling, and allocated overhead. Shipping costs for the Kits are incurred prior to fulfillment of consumer services obligations and the corresponding shipping and handling expense is reported in cost of revenue.

Cost of revenue for research services primarily consists of personnel-related expenses, including salaries, benefits and stock-based compensation, and allocated overhead.

Research and Development

Research and development costs primarily consist of personnel-related expenses, including salaries, benefits and stock-based compensation, associated with the Company's research and development personnel, collaboration expenses, laboratory services and supplies costs, third-party data services, and allocated overhead. Research and development costs are expensed as incurred.

Advertising Costs

Advertising costs consist primarily of direct expenses related to television and radio advertising, including production and branding, paid search, online display advertising, direct mail, and affiliate programs. Advertising production costs are expensed the first time the advertising takes place, and all other advertising costs are expensed as incurred. Advertising costs amounted to $11.2 million, $62.6 million and $136.8 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively, and are included in sales and marketing expense in the consolidated statements of operations.

Deferred advertising costs primarily consist of vendor payments made in advance to secure media spots across varying media channels, as well as production costs incurred before the first time the advertising takes place. Deferred advertising costs are not expensed until first used. The deferred advertising costs were immaterial as of March 31, 2021. As of March 31, 2020, deferred advertising costs amounted to $2.5 million. Deferred advertising costs are included in prepaid expenses and other current assets in the consolidated balance sheets.

Stock-Based Compensation

Stock-based compensation expense related to stock-based awards for employees and non-employees is recognized based on the fair value of the awards granted. The fair value of each stock-based award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the stock-based award, the expected volatility of the price of the Company's common stock, risk-free interest rates, and the expected dividend yield of common stock. The assumptions used to determine the fair value of the stock-based awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The related stock-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards, including awards with graded vesting and no additional conditions for vesting other than service conditions. The Company accounts for forfeitures as they occur.

Restructuring Expense

The Company defines restructuring expense to include costs directly associated with exit or disposal activities. Such costs include employee severance and termination benefits, contract termination fees and penalties, impairment associated with long-lived assets, and other exit or disposal costs. In general, the Company records involuntary employee-related exit and disposal costs when there is a substantive plan for employee severance and related costs are probable and estimable. For one-time termination benefits (i.e., no substantive plan) and employee retention costs, expense is recorded when the employees are entitled to receive such benefits and the amount can be reasonably estimated. Contract termination fees and penalties, and other exit and disposal costs are generally recorded as incurred.

Income Taxes

The Company applies the provisions of ASC 740, Income Taxes ("ASC 740"). Under ASC 740, the Company accounts for income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on temporary differences between the bases used for financial reporting and income tax reporting purposes. Deferred income taxes are provided based on the enacted tax rates and laws that will be in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more likely than not that the Company will not realize those tax assets through future operations.

The Company also utilizes the guidance in ASC 740 to account for uncertain tax positions. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more likely than not of being realized and effectively settled. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments, and which may not accurately reflect actual outcomes. The Company recognizes interest and penalties on unrecognized tax benefits as a component of provision for income taxes in the consolidated statements of operations.

Net Loss Per Share Attributable to Common Stockholders

The Company computes net loss per share using the two-class method required for participating securities. The two-class method requires income 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 Company determined that it has participating securities in the form of redeemable convertible preferred stock and unvested common stock as holders of such securities have non-forfeitable dividend rights in the event of a declaration of a dividend for shares of common stock. These participating securities do not contractually require the holders of such stocks to participate in the Company's losses. As such, net loss for the period presented was not allocated to the Company's participating securities.

The Company's basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, without consideration of potentially dilutive securities. The diluted net loss per share is calculated by giving effect to all potentially dilutive securities outstanding for the period using the treasury share method or the if-converted method based on the nature of such securities. Diluted net loss per share is the same as basic net loss per share in periods when the effects of potentially dilutive shares of ordinary shares are anti-dilutive.

Segment Information

The Company currently operates in two reporting segments: Consumer & Research Services and Therapeutics. The Consumer & Research Services segment consists of revenue and expenses from PGS, as well as research services revenue and expenses from certain collaboration agreements (including the GSK Agreement). The Therapeutics segment consists of revenues from the out-licensing of intellectual property associated with identified drug targets and expenses related to drug candidates under clinical development. Substantially all of the Company's revenues are derived from the Consumer & Research Services segment. See Note 2, "*Summary of Significant Accounting Policies*", for additional information regarding revenue. There are no inter-segment sales.

Certain expenses such as Finance, Legal, Regulatory and Supplier Quality, and CEO Office are not reported as part of the reporting segments as reviewed by the CODM. These amounts are included in Unallocated Corporate in the reconciliations below. The chief operating decision-maker ("CODM") is the Chief Executive Officer ("CEO"). The CODM evaluates the performance of each segment based on Adjusted EBITDA. Adjusted EBITDA is defined as net income before net interest expense (income), other expense (income), depreciation and amortization of fixed assets, amortization of internal use software, non-cash stock-based compensation expense, and expenses related to restructuring and other charges, if applicable for the period.

The Company's revenue and Adjusted EBITDA by segment is as follows:

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Segment Revenue			
Consumer & Research Services	$ 243,866	$ 299,907	$ 437,919
Therapeutics	54	5,556	2,981
Total revenue	$ 243,920	$ 305,463	$ 440,900
Segment Adjusted EBITDA			
Consumer & Research Services Adjusted EBITDA	$ 12,796	$ (65,845)	$ (85,822)
Therapeutics Adjusted EBITDA	(58,734)	(52,883)	(31,776)
Unallocated Corporate	(30,587)	(28,460)	(23,793)
Total Adjusted EBITDA	$ (76,525)	$(147,188)	$(141,391)
Reconciliation of net loss to Adjusted EBITDA			
Net loss	$(183,619)	$(250,863)	$(183,533)
Adjustments:			
Interest (income), net	(255)	(6,244)	(5,269)
Other (income) / expense, net	(1,322)	(1,340)	19
Depreciation and amortization	20,246	22,610	9,901
Stock-based compensation expense	88,425	43,957	37,491
Restructuring and other charges[1]	—	44,692	—
Total Adjusted EBITDA	$ (76,525)	$(147,188)	$(141,391)

1) For the year ended March 31, 2020, restructuring includes $0.9 million of stock-based compensation expense related to restructuring activities.

Customers accounting for 10% or more of segment revenues were as follows:

	Year Ended March 31,					
	2021		2020		2019	
	(in thousands, except percentages)					
Consumer & Research Services Segment Revenue:						
Customer C[1]	$51,786	21%	$76,087	25%	$107,318	25%
Customer B[2]	$39,917	16%	$23,768	8%	$ 6,533	1%
Therapeutics Segment Revenue:						
Customer B[2]	$ —	0%	$ 2,981	54%	$ 2,981	100%
Customer E[2]	$ 54	100%	$ 2,575	46%	$ —	0%

1) Customer C revenues are primarily in the United States.
2) Customer B revenues are in the United Kingdom and Customer E is in a region other than the United States, United Kingdom or Canada.

Revenue by geographical region can be found in the revenue recognition disclosures in Note 2, "*Summary of Significant Accounting Policies*". All of the Company's property and equipment, net of depreciation and amortization, were located in the United States during the periods presented. The reporting segments do not present total assets as they are not reviewed by the CODM when evaluating their performance.

Related Parties

A party is considered to be related to the Company if the party, directly or indirectly, controls, is controlled by, or is under common control with the Company, including principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management, and other parties with which the Company may deal and can significantly influence the management or operating policies to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Recently Adopted Accounting Pronouncements

As an "emerging growth company," the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities*, which primarily affects the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities and financial liabilities is largely unchanged. The Company adopted ASU 2016-01 as of April 1, 2019, and the adoption did not have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*, which provides guidance on how certain cash receipts and outflows should be classified on entities' statement of cash flows. The Company adopted ASU 2016-15 as of April 1, 2019, and the adoption did not have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which provides guidance to evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. If substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single asset or a group of similar assets, the assets acquired (or disposed of) are not considered a business. The Company adopted ASU 2017-01 as of April 1, 2019 on a prospective basis, and the adoption did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent annual period presented in the initial fiscal year of adoption. The Company early adopted ASU 2018-13 as of April 1, 2019, and the adoption did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contrac*t. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard requires capitalized costs to be amortized on a straight-line basis generally over the term of the arrangement, and the financial statement presentation for these capitalized costs would be the same as that of the fees related to the hosting arrangements. The Company early adopted ASU 2018-15 as of April 1, 2020, and the adoption did not have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, *Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by removing a variety of exceptions within the framework of ASC 740. These exceptions include the exception to the incremental approach for intra-period tax allocation in the event of a loss from continuing operations and income or a gain from other items (such as other comprehensive income), and the exception to using general methodology for the interim period tax accounting for year-to-date losses that exceed anticipated losses. The Company early adopted ASU 2019-12 as of April 1, 2018, and the adoption did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The guidance will be effective for the Company beginning April 1, 2023, and interim periods therein. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU No. 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity, and clarifies the guidance on the computation of earnings per share for those financial instruments. The guidance will be effective for the Company beginning April 1, 2022, and interim periods therein. Early adoption is permitted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the effect that ASU 2020-06 will have on its consolidated financial statements and related disclosures and does not believe the adoption will have a material impact.

3. Collaborations

From time to time the Company enters into collaboration arrangements in which both parties are active participants in the arrangement and are exposed to the significant risks and rewards of the collaboration, in which case the collaboration is within the scope of ASC 808, *Collaborative Arrangements* ("ASC 808"). Within such collaborations, the Company determines if any obligations are an output of the Company's ordinary activities in exchange for consideration, and if so, the Company applies ASC 606 to such activities.

For other payments received from the other party for other collaboration activities related to various development, launch and sales milestones of licensed products, or royalties related to net sales of licensed products, the Company analogizes to ASC 606.

Such payments will be recognized when the related activities occur as they are determined to relate predominantly to the license of intellectual property transferred to the other party and therefore have also been excluded from the transaction price allocated to the performance obligations determined under ASC 606. To date, no consideration in this regard has been received under the agreements discussed below.

GlaxoSmithKline Agreement

In July 2018, the Company and an affiliate of GlaxoSmithKline plc ("GSK") entered into a collaboration agreement (the "GSK Agreement") for research identification, development and commercialization of targets for therapeutic agents. The Company granted exclusivity, subject to certain exceptions, to GSK with respect to these activities. The term of the GSK Agreement is four years, and GSK has an option to extend the term for an additional year. The Company concluded that GSK is considered a customer. Therefore, the Company has applied the guidance in ASC 606 to account for and present consideration received from GSK related to research services provided by the Company. The Company's activities under the GSK Agreement, which include reporting, drug target discovery, and joint steering committee participation, represent one combined performance obligation to deliver research services. In addition, the GSK Agreement, along with subsequent amendments, provided GSK the right to include certain identified pre-existing 23andMe programs in the collaboration at GSK's election, each of which is considered distinct from the research services. The exercise price for the pre-existing program options varied to reflect the respective stage of development of each such program, with up to two such programs being offered for no additional charge. The two programs offered for no additional charge were material rights and therefore also identified as performance obligations within the arrangement.

Also in July 2018, GSK made an upfront equity investment in the Company to purchase 17,291,066 shares of the Company's Series F-1 redeemable convertible preferred stock at $17.35 per share, resulting in $299.6 million of cash proceeds to the Company, net of $0.4 million in issuance costs. As the collaboration agreement and issuance of preferred stock were entered into concurrently, the Company has accounted for these as a single arrangement. Total cash proceeds to be received by the Company under the agreements of $400.0 million includes $300.0 million paid for the Series F-1 preferred stock at the date of issuance and four annual payments of $25.0 million each to be paid over the four-year term of the collaboration.

The Company allocated $272.7 million to the Series F-1 redeemable convertible preferred stock which represented its fair value on the date of issuance (see Note 2, "*Summary of Significant Accounting Policies–Nonrecurring Fair Value Measurements*"). The remaining $127.3 million was determined to be the initial transaction price allocated to the performance obligations within the GSK Agreement, including the ongoing services and certain options that were determined to represent material rights. As of March 31, 2021, the Company had received $75.0 million from GSK in annual payments. The remaining $25.0 million annual payment is due in July 2021.

Consideration allocated to each performance obligation is recognized as follows:

1. *Research services—over the four-year term as activities are performed utilizing an input-based method to measure progress, and*
2. *Pre-existing program options—on the date the option is exercised.*

In addition to cost-sharing during the performance of research services which is recorded within cost of revenue when incurred in the Consumer and Research Services segment, once drug targets have been identified for inclusion in the collaboration, the Company and GSK equally share in the costs of further research, development and commercialization of identified targets, subject to certain rights of either party to opt-out of funding at certain predetermined development milestones. These cost-sharing charges for costs incurred subsequent to the identification of drug targets have been included in research and development expense in the consolidated statements of operations during the period incurred. The Company may also share in the net profits or losses of products that are commercialized pursuant to the collaboration, or receive royalties on products which are successfully commercialized.

During the fiscal years ended March 31, 2021, 2020 and 2019, the Company recognized $39.9 million, $26.7 million and $9.5 million, respectively, of research services and therapeutics revenue related to the GSK Agreement. As of March 31, 2021 and 2020, the Company had current deferred revenue related to GSK of $30.1 million and $41.7 million, respectively. As of March 31, 2021, there was no noncurrent deferred revenue related to GSK. As of March 31, 2020, noncurrent deferred revenue related to GSK was $3.4 million. There was no receivable related to GSK as of March 31, 2021 and 2020. During the fiscal years ended March 31, 2021, 2020 and 2019, cost-sharing amounts incurred subsequent to the identification of targets, included in research and development expenses, were amounts payable to GSK of $18.7 million, $19.1 million and $6.3 million, respectively. During the fiscal years ended March 31, 2021, 2020 and 2019, cost-sharing amounts incurred prior to the identification of targets, included in cost of revenue, were amounts payable to / (received from) GSK of $(1.4) million, $1.0 million and $(0.2) million, respectively. As of March 31, 2021 and 2020, the Company had $11.5 million and $7.8 million, respectively, related to balances of amounts payable to GSK for reimbursement of shared costs included within accounts payable and accrued expenses and other current liabilities in the consolidated balance sheets.

Almirall Agreement

In December 2019, the Company entered into a collaboration agreement with Almirall, S.A. ("Almirall") under which the Company granted an exclusive license to Almirall to develop and commercialize pharmaceutical products containing certain proprietary monoclonal antibodies or nucleic acids containing such antibodies (the "Almirall Agreement"). The Company provided initial access to Company-owned intellectual property, including a patent and know-how, and performs on-going research activities related to such intellectual property over the agreement term.

The Company determined that the transaction price under the collaboration arrangement was $2.7 million, consisting of a one-time payment of $2.5 million as of the agreement date and $0.2 million over the agreement term. Consideration allocated to each performance obligation is recognized as follows:

1. *Licensed intellectual property—upon transfer of such intellectual property, and*
2. *Research related to licensed intellectual property—over the agreement term as research is performed utilizing an input-based method to measure progress.*

During the fiscal year ended March 31, 2021, therapeutics revenue recognized related to Almirall was immaterial. During the fiscal year ended March 31, 2020, the Company recognized $2.6 million of therapeutics revenue related to Almirall.

4. Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consisted of the following:

	March 31, 2021	March 31, 2020
	(in thousands)	
Computer and software	$ 13,252	$ 13,364
Laboratory equipment and software	48,636	49,367
Furniture and office equipment	8,803	8,868
Leasehold improvements	39,668	39,713
Capitalized asset retirement obligations	853	853
Property and equipment, gross	111,212	112,165
Less: accumulated depreciation and amortization	(50,328)	(34,283)
Property and equipment, net	$ 60,884	$ 77,882

Depreciation and amortization expense were $18.1 million, $22.2 million and $9.9 million for fiscal years ended March 31, 2021, 2020 and 2019, respectively.

Assets Held for Sale

The Company's assets held for sale consisted of $2.9 million of lab equipment as of March 31, 2020, which was subsequently sold at the carrying value during the fiscal year ended March 31, 2021.

Asset Retirement Obligations

The Company has recorded AROs related to contractual obligations to return the Sunnyvale, California headquarters facility to its original condition at the end of the lease term. Obligations are reflected at the present value of their future cash flows. The asset retirement obligations are depreciated on a straight-line basis over the useful lives of the related assets. The liability amounts were based on future retirement cost estimates and incorporate many assumptions such as time to abandonment, technological changes, future inflation rates and the risk-adjusted discount rate.

The following table summarizes changes in the Company's AROs:

	March 31, 2021	March 31, 2020
	(in thousands)	
Balance, beginning of year	$ 1,078	$ —
Accretion expense	87	41
Liabilities incurred	—	1,037
Balance, end of year	$ 1,165	$ 1,078

Internal-use Software, Net

	March 31, 2021	March 31, 2020
	(in thousands)	
Capitalized internal-use software	$ 9,200	$ 5,839
Less: accumulated amortization	(2,311)	(422)
Internal-use software, net	$ 6,889	$ 5,417

For the fiscal years ended March 31, 2021 and 2020, amortization expense related to internal-use software was $2.0 million and $0.4 million, respectively, including approximately $0.3 million and $0.1 million, respectively, of stock-based compensation expense. Impairment to internal-use software was $0.5 million and $0.7 million for the fiscal years ended March 31, 2021 and 2020. There was no amortization or impairment for the fiscal year ended March 31, 2019.

Accrued Expense and Other Current Liabilities

Accrued expense and other current liabilities consisted of the following:

	March 31, 2021	March 31, 2020
	(in thousands)	
Accrued payables	$ 19,869	$ 23,625
Accrued compensation and benefits	11,749	10,378
Accrued taxes and other	335	657
Total accrued expenses and other current liabilities	$ 31,953	$ 34,660

Other Liabilities

Other liabilities, noncurrent consisted of the following:

	March 31, 2021	March 31, 2020
	(in thousands)	
Asset retirement obligations, noncurrent	$ 1,165	$ 1,078
Liabilities for early exercise of common stock options by related party	—	43,821
Total other liabilities, noncurrent	$ 1,165	$ 44,899

5. Restructuring

In December 2019 and January 2020, the Company approved restructuring plans to achieve its strategic and financial objectives. Restructuring activities included a reduction in workforce, contract terminations related to certain retail and operating lease arrangements, resulting in impairment losses of operating lease ROU assets associated with disposition of the Phoenix, Arizona operating facility and square footage available for sublease at the Sunnyvale, California headquarters facility, as well as other exit or disposal costs. The Company recorded restructuring expenses of $44.7 million within restructuring and other charges in the consolidated statements of operations during the fiscal year ended March 31, 2020 primarily related to the Consumer & Research Services segment.

During the fiscal year ended March 31, 2020, the Company recorded employee severance and termination benefits expense of approximately $5.5 million within restructuring and other charges in the consolidated statements of operations, of which $0.9 million was non-cash stock-based compensation expense. The Company recorded these involuntary employee-related exit and disposal costs when there was a substantive plan for employee severance and related costs were probable and estimable.

The Company ceased use of its Phoenix, Arizona operating facility in January 2020 as part of the Company's restructuring plan. Using the discounted cash flow method, the Company calculated the difference between the present value of the estimated future sublease rental income and the present value of remaining lease obligations, adjusted for the effects of any prepaid or deferred items. The key assumptions used in the Company's discounted cash flow model included the amount and timing of sublease rental receipts and the discount rate. As a result, the Company recognized an impairment loss, which represented the remaining carrying value of the operating ROU asset as of March 31, 2020, of approximately $0.6 million, as well as an impairment loss of $13.0 million associated with property and equipment for this facility and an impairment loss of $0.7 million for capitalized internal use software. The Company also recorded a related liability of $3.0 million for the contractually obligated exit costs associated with this facility as of March 31, 2020. The Company utilized the terms and conditions of the assignment and assumption of lease agreement when evaluating the impairment of the operating lease ROU asset related to the operating lease for the fiscal year ended March 31, 2020. The Company recorded the expenses associated with the Phoenix, AZ facility disposition within restructuring and other charges in the consolidated statements of operations. In June 2020, the Company entered into an assignment and

assumption of lease agreement with a third-party assignee related to the facility space in Phoenix, Arizona. As part of this agreement, the third-party assignee agreed to assume from the Company all of the rights and remaining obligations under the operating lease, which the Company had previously entered into with the landlord in March 2019 and subsequently amended in June 2019.

In addition, as part of the restructuring plan, the Company made available a significant portion of its Sunnyvale, California headquarters facility for sublease. Using the discounted cash flow method, the Company calculated the difference between the present value of the estimated future sublease rental income and the present value of remaining lease obligations, adjusted for the effects of any prepaid or deferred items. As a result, the Company recognized an impairment loss of approximately $12.6 million to reduce the carrying value of the operating ROU asset to fair value, as well as an impairment loss of $7.0 million associated with property, equipment and capitalized asset retirement obligations for this facility within restructuring and other charges in the consolidated statements of operations in the fiscal year ended March 31, 2020.

As part of the restructuring activity, the Company also consolidated the sales channel network by terminating certain retail contracts. As a result, the Company recorded $0.8 million return-related fees and $1.5 million inventory write-off within restructuring and other charges in the consolidated statements of operations in the fiscal year ended March 31, 2020. Of the $0.8 million of return-related fees incurred during the fiscal year ended March 31, 2020, $0.1 million was paid or adjusted, resulting in an accrued balance of $0.7 million as of March 31, 2020. During the fiscal year ended March 31, 2021, an additional $0.2 million was paid or adjusted, resulting in an accrued balance of $0.5 million as of March 31, 2021. The Company also recorded a refund of the original purchase price related to the return of inventory held by retailers of $5.7 million, which reduced deferred revenue on the consolidated balance sheets as of March 31, 2020.

The following table shows the total amount incurred and accrued related to one-time employee termination benefits:

	One-Time Employee Termination Benefits (in thousands)
Accrued restructuring costs as of March 31, 2019	$ —
Restructuring charges incurred during the period	4,633
Amounts paid during the period	(3,580)
Accrued restructuring costs as of March 31, 2020	1,053
Amounts paid during the period	(1,053)
Accrued restructuring costs as of March 31, 2021	$ —

The Company does not expect to incur any further expenses in connection with this restructuring plan.

6. Leases

The Company’s lease portfolio includes leased offices, dedicated lab facility and storage space, and dedicated data center facility space, with remaining contractual periods from 2.4 years to 10.3 years. For purposes of calculating lease liabilities, lease terms may include options to extend the lease when it is reasonably certain that the Company will exercise those options. In January 2021, the Company entered into an operating lease amendment to extend the lease term of the South San Francisco, CA lab facility, which resulted in $12.1 million of non-cancellable future minimum lease payments and a revised lease term through January 2025. For the Company’s headquarters’ facility in Sunnyvale, CA, there is an option to extend the lease for a period of 7 years. The Company is not reasonably certain that it will exercise this option and therefore it is not included for in its rights of use assets and lease liabilities as of March 31, 2021.

The components of lease cost for operating leases for the fiscal years ended March 31, 2021, 2020 and 2019 was as follows:

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Operating lease cost, net[1]	$13,614	$10,999	$10,484
Variable lease cost	5,809	4,705	2,506
Total lease cost	$19,423	$15,704	$12,990

1) For the year ended March 31, 2020, included in operating lease cost is a $4.9 million reduction to lease cost related to a lease termination.

Variable lease cost includes property tax, insurance, common area maintenance, and utilities. The following is supplemental balance sheet information as of March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
	(in thousands)	
Reported as:		
Assets:		
Operating lease right-of-use assets	$ 63,122	$ 60,608
Liabilities:		
Operating lease liabilities	6,140	7,613
Operating lease liabilities, noncurrent	87,582	82,709
Total operating lease liabilities[1]	$ 93,722	$ 90,322

1) The termination of the operating lease for the Company's former headquarters facility located in Mountain View, CA occurred during the year ended March 31, 2020.

Weighted average remaining lease term and discount rate for the Company's operating leases was as follows:

	Year Ended March 31,		
	2021	2020	2019
Weighted-average remaining lease term (in years)	9.2	10.5	10.2
Weighted-average discount rate	7%	8%	7%

Supplemental cash flow information related to operating leases for the fiscal years ended March 31, 2021, 2020 and 2019 was as follows:

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Cash paid for amounts included in the measurement of operating lease liabilities:			
Operating cash flows used in operating leases	$(14,067)	$(12,520)	$ (8,547)
Landlord contributions included in the measurement of operating lease ROU assets:			
Operating cash flows provided by operating leases	$ 3,733	$ 9,940	$ —
Supplemental disclosure of non-cash operating lease activities:			
Operating lease ROU assets obtained in exchange for new operating lease liabilities	$ 12,803	$ 4,769	$82,348

As of March 31, 2021, the future minimum lease payments included in the measurement of the Company's operating lease liabilities are as follows:

	March 31, 2021 (in thousands)
Year Ending March 31,	
2022	$ 12,567
2023	15,091
2024	15,106
2025	14,350
2026	10,996
Thereafter	64,421
Total future operating lease payments	132,531
Less: imputed interest	38,809
Total operating lease liabilities	$ 93,722

7. Commitments and Contingencies

Non-cancelable Purchase Obligations

In January 2019, the Company entered into an amendment to an existing contract with its third-party laboratory service provider for customer sample processing, which included minimum annual sample volumes. The Company was required to pay such processing fees for these minimum annual sample volumes, even if there was a shortfall in actual samples received. In May 2020, the Company entered into an amendment with this third-party provider which eliminated the requirement of minimum annual sample volumes beginning January 1, 2021.

In the normal course of business, the Company enters into non-cancelable purchase commitments with various parties for purchases. As of March 31, 2021, the Company had outstanding non-cancelable purchase obligations with a term of 12 months or longer as follows:

	March 31, 2021 (in thousands)
Year Ending March 31,	
2022	$ 13,968
2023	15,096
2024	15,187
2025	13,275
2026	9,812
Total	$ 67,338

The amounts purchased under the non-cancelable purchase obligations were $20.6 million, $32.4 million and $49.8 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

Legal Matters

The Company is subject to certain routine legal and regulatory proceedings, as well as demands and claims that arise in the normal course of business. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but will only be recorded when one or more future events occur or fail to occur. The Company's management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against and by the Company or unasserted claims that may result in such proceedings, the Company's management evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of

possible loss if determinable and material, would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed. Legal fees related to potential loss contingencies are expensed as incurred.

On December 10, 2019, Celmatix Inc. ("Celmatix") filed a lawsuit in the Supreme Court of the State of New York against the Company (Index No. 657329/2019) asserting claims against the Company for breach of contract and implied covenant of good faith and fair dealing, and tortious interference with contract and prospective economic advantage, alleging damages that, according to the compliant, plaintiff "believed to be in excess of $100 million." On February 14, 2020, the Company filed its answer and counterclaims against Celmatix for breach of contract. The Company believes that the claims are without merit and is vigorously defending against the claims and pursuing its counterclaims. The Company is unable to conclude at this time whether any potential loss is probable with respect to any of the claims, and, as the litigation remains in an early stage, cannot estimate any reasonably possible loss or range of loss that may potentially result if the plaintiff ultimately were to prevail with respect to any of the claims that have been asserted.

Indemnification

The Company enters into indemnification provisions under agreements with other companies in the ordinary course of business, including, but not limited to, collaborators, landlords, vendors and contractors. Pursuant to these arrangements, the Company agrees to indemnify, defend, and hold harmless, the indemnified party for certain losses suffered or incurred by the indemnified party as a result of the Company's activities. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the fair value of these agreements is not material. The Company maintains insurance, including commercial general liability insurance and product liability insurance to offset certain potential liabilities under these indemnification provisions. In addition, the Company indemnifies its officers, directors and certain key employees while they are serving in good faith in their respective capacities. To date, there have been no claims under these indemnification provisions.

8. Redeemable Convertible Preferred Stock

In July 2018, the Company issued 17,291,066 shares of Series F-1 redeemable convertible preferred stock to GSK at a purchase price of $17.35 per share, for an aggregate purchase price of $299.6 million, net of $0.4 million in issuance costs. See Note 3, "*Collaborations*", for more details.

In December 2020, the Company's issued 4,755,037 additional shares of series F-1 redeemable convertible preferred stock at a purchase price of $17.35 per share, for an aggregate purchase price of $82.3 million, net of $0.2 million in issuance costs, to certain existing and new investors, on substantially the same terms, and at the same price per share, applicable to the initial Series F-1 issuance.

Redeemable convertible preferred stock consisted of the following:

	March 31, 2021			
	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Aggregate Liquidation Preference
	(in thousands, except share data)			
Series A	7,119,936	7,119,936	$ 8,815	$ 8,953
Series B	9,048,560	9,048,560	27,643	27,779
Series C	9,898,011	9,898,011	30,961	31,179
Series D	14,435,636	14,435,636	58,274	58,450
Series E	10,644,057	10,644,057	114,936	115,246
Series F	18,006,075	18,006,075	242,168	250,000
Series F-1	22,190,201	22,046,103	354,554	382,500
Total redeemable convertible preferred stock	91,342,476	91,198,378	$837,351	$ 874,107

	March 31, 2020			
	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Aggregate Liquidation Preference
	(in thousands, except share data)			
Series A	7,119,936	7,119,936	$ 8,815	$ 8,953
Series B	9,048,560	9,048,560	27,643	27,779
Series C	9,898,011	9,898,011	30,961	31,179
Series D	14,435,636	14,435,636	58,274	58,450
Series E	10,644,057	10,644,057	114,936	115,246
Series F	18,006,075	18,006,075	242,168	250,000
Series F-1	17,291,066	17,291,066	272,286	300,000
Total redeemable convertible preferred stock	86,443,341	86,443,341	$755,083	$ 791,607

The holders of the redeemable convertible preferred stock have the following rights, preferences and privileges:

Dividend Rights—Holders of the redeemable convertible preferred stock are entitled to receive non-cumulative cash dividends at a rate of $0.07545, $0.1842, $0.189, $0.2429, $0.64964, $0.83305, and $1.041 per share per annum for the Series A, Series B, Series C, Series D, Series E, Series F and Series F-1 redeemable convertible preferred stock, respectively, if and when such dividends are declared by the Board of Directors. No dividends will be paid to holders of common stock until the aforementioned dividends on redeemable convertible preferred stock have been paid or set aside for payment. Such dividends are payable when, as, and if declared by the Board of Directors. To date, no dividends have been declared.

Conversion Rights—At any time following the date of issuance, each share of preferred stock is convertible, at the option of its holder, into the number of shares of Class B common stock, calculated by dividing the applicable original issue price per share of each series by the applicable conversion price per share of such series. The initial conversion price for Series A, Series B, Series C, Series D, Series E, Series F, and Series F-1 redeemable convertible preferred stock are $1.2575, $3.07, $3.15, $4.0490, $10.827271, $13.8842, and $17.35, respectively. As of March 31, 2021, each outstanding share of Series A, Series B, Series C, Series D, Series E, Series F, and Series F-1 redeemable convertible preferred stock is convertible into one share of Class B Common Stock. The conversion price may be adjusted from time to time based on certain events such as share splits, subdivisions, reclassification, dividends or distributions, exchanges, or in connection with anti-dilution on a broad-based weighted-average basis. The redeemable convertible preferred stock is subject to mandatory conversion upon (i) the affirmative vote of the holders of at least 60% of the redeemable convertible preferred stock then issued, and at least 60% of the Series E redeemable convertible preferred stock then issued, and at least 60% of the Series F and Series F-1 redeemable convertible preferred stock (voting as a single series) then issued or (ii) immediately prior to the closing of an underwritten public offering of the Company's common stock on the New York Stock Exchange or the Nasdaq Stock Market with aggregate gross proceeds of not less than $50.0 million.

Liquidation Preference—In the event of any liquidation, dissolution, or winding up of the Company, either voluntarily or involuntarily, the holders of the Series F-1 redeemable convertible preferred stock shall first be paid an amount per share equal to $3.4658 per share ("Series F-1 Incremental Preference") prior to any distributions to Series F redeemable convertible preferred stock. Thereafter, the holders of Series F-1 redeemable convertible preferred stock then outstanding and the holders of the Series F redeemable convertible preferred stock shall be entitled to receive, prior and in preference to any distribution of any of the available funds and assets of the Company to the holders of shares of Series A, Series B, Series C, Series D, and Series E redeemable convertible preferred stock and Class A common stock, Class B common stock, and Class C common stock, an amount per share equal to (i) the original issue price less the Series F-1 Incremental Preference or (ii) the original issue price of the Series F redeemable convertible preferred stock, plus all declared but unpaid dividends thereon, if any, for each outstanding stock of Series F redeemable convertible preferred stock (as adjusted for stock splits, stock dividends, combinations, or other recapitalizations). If upon the liquidation, dissolution, or winding up of the Company, the available funds and assets of the Company for distribution are insufficient to permit the payment to holders of the Series F-1 and Series F redeemable convertible preferred stock their full preferential amounts, then the entire remaining available funds and assets of the Company shall be distributed pro rata among the holders of the Series F-1 and Series F redeemable convertible preferred stock.

After distribution to the holders of the Series F-1 and Series F redeemable convertible preferred stock, the holders of the Series E redeemable convertible preferred stock shall be paid, out of the available funds and assets of the Company, an amount per share equal to the original issue price of the Series E redeemable convertible preferred stock in a similar manner as the Series F redeemable convertible preferred stock. After distribution to the holders of the Series E redeemable convertible preferred stock, the holders of the Series D redeemable convertible preferred stock shall be paid, out of the

available funds and assets of the Company, an amount per share equal to the original issue price of the Series D redeemable convertible preferred stock in a similar manner as the Series E redeemable convertible preferred stock. After distribution to the holders of the Series D redeemable convertible preferred stock, the holders of the Series C redeemable convertible preferred stock shall be paid, out of the available funds and assets of the Company, an amount per share equal to the original issue price of the Series C redeemable convertible preferred stock in a similar manner as the Series D and Series E redeemable convertible preferred stock. After distribution to the holders of the Series C redeemable convertible preferred stock, the holders of the Series B redeemable convertible preferred stock shall be paid, out of the available funds and assets of the Company, an amount per share equal to the original issue price of the Series B redeemable convertible preferred stock in a similar manner as the Series C, Series D, and Series E redeemable convertible preferred stock. After distribution to the holders of the Series B redeemable convertible preferred stock, the holders of the Series A redeemable convertible preferred stock shall be paid, out of the available funds and assets of the Company, an amount per share equal to the original issue price of the Series A redeemable convertible preferred stock in a similar manner as the Series B, Series C, Series D, and Series E redeemable convertible preferred stock. After distribution to the holders of redeemable convertible preferred stock, all remaining available funds and assets of the Company shall be distributed pro rata among the holders of the then-outstanding Class A common stock, Class B common stock, and Class C common stock.

Voting Rights—Except as required by applicable law, each share of redeemable convertible preferred stock shall be entitled to ten (10) votes for each whole share of Class B Common Stock into which such shares of redeemable convertible preferred stock could be converted at the record date.

The holders of the then outstanding Series A, Series B, Series C, Series D, Series E, Series F, and Series F-1 redeemable convertible preferred stock, voting as a single class and on an as-converted to Class B common stock basis, shall be entitled to elect two directors of the Board of Directors. The holders of the then outstanding Class A and Class B common stock, voting as a single class, shall be entitled to elect two members of the Board of Directors. The holders of the then outstanding Class A and B common stock and the holders of the then outstanding Series A, Series B, Series C, Series D, Series E, Series F, and Series F-1 redeemable convertible preferred stock, voting together as a single class, and in the case of the redeemable convertible preferred stock on an as-converted to Class B common stock basis, shall be entitled to elect the remaining number of members of the Board of Directors. Pursuant to a voting agreement among certain holders of the outstanding Series A, Series B, Series C, Series D, Series E, Series F, and Series F-1 redeemable convertible preferred stock and certain holders of the Company's Class B Common Stock, the size of the Board of Directors was set at five members, two of whom were designated pursuant to such voting agreement by the holders of the outstanding Preferred Stock, two of whom were designated by the holders of the outstanding Common Stock, and one of whom was designated by the holders of all such shares voting as a single class. The voting agreement was revised in December 2020 to increase the size of the Board of Directors to seven.

Redemption—The redeemable convertible preferred stock does not contain any specified redemption features. The liquidation preferences are deemed to be contingent redemption features exercisable upon certain deemed liquidation events such as a merger in which the stockholders of the Company immediately prior to the consummation of such transaction no longer control the Company upon such consummation, or a sale of substantially all of the assets of the Company. The redeemable convertible preferred stock is not mandatorily redeemable, however since a deemed liquidation event would constitute a redemption event outside of the Company's control, all shares of redeemable convertible preferred stock have been presented outside of permanent equity in mezzanine equity on the consolidated balance sheets.

Any redemption of the Company's redeemable convertible preferred stock is contingent upon a deemed liquidation event which involves a change in control and which results in proceeds insufficient to satisfy all applicable liquidation preferences and to provide any remaining proceeds available for distribution to holders of the Company's common stock. The deemed liquidation event is not probable as of the balance sheet dates presented, and as such the Company has not adjusted the carrying value of the redeemable convertible preferred stock to its redemption value as of the balance sheet dates presented. The Company will adjust the carrying value of the redeemable convertible preferred stock to its redemption value if redemption becomes probable in the future.

All outstanding shares of 23andMe, Inc. redeemable convertible preferred stock were converted into Class B Common Stock of 23andMe Inc. and exchanged, pursuant to the merger exchange ratio, for shares of Class B Common Stock of New 23andMe upon the closing of the Merger, and all agreements among the holders of the 23andMe, Inc. redeemable convertible preferred stock, the holders of common stock and 23andMe, Inc. were terminated upon such closing (see Note 15, "*Subsequent Events*" for more details related to the "Merger Agreement").

9. Common Stock

The Company authorized three classes of common stock: Class A common stock, Class B common stock and Class C common stock (collectively, the "common stock"). Each holder of shares of Class A Common Stock is entitled to

one vote for each share thereof held. Each holder of shares of Class B Common Stock is entitled to ten votes for each share thereof held. Class C Common Stock is non-voting. Holders of common stock are entitled to receive any dividends if and when such dividends are declared by the Board of Directors. Common stock is subordinate to the redeemable convertible preferred stock with respect to dividend rights and rights upon certain deemed liquidation events. Common stock is not redeemable at the option of the holder or by the Company.

In the event of any sale, assignment, gift or other transfer or disposition, each share of Class B Common Stock shall automatically be converted into one share of Class A Common Stock, subject to certain specified exceptions set forth in the certificate of incorporation.

The table below shows the changes in each class of common stock shares issued and outstanding as of the dates indicated:

	Year Ended March 31,		
	2021	2020	2019
Class A shares			
Beginning balance	8,158,861	6,735,372	4,191,743
Shares issued from option exercise	4,740	—	—
Converted from Class B shares[1]	866,827	1,423,489	2,543,629
Ending balance	9,030,428	8,158,861	6,735,372
Class B shares			
Beginning balance	36,159,437	35,188,144	28,819,601
Shares issued from option exercise	9,969,102	2,394,782	8,912,172
Converted to Class A shares[1]	(866,827)	(1,423,489)	(2,543,629)
Ending balance	45,261,712	36,159,437	35,188,144

1) The conversion of Class B Common Stock to Class A Common Stock during all periods presented was due to the sale of Class B Common Stock in secondary sale transactions. In such transactions, each share of Class B Common Stock was automatically converted into one share of Class A Common Stock.

The Company has the following shares of common stock reserved for future issuance, on an as-if converted basis as of the dates indicated:

	March 31,		
	2021	2020	2019
Conversion of redeemable convertible preferred stock	91,198,378	86,443,341	86,443,341
Outstanding stock options	29,375,026	29,817,566	28,067,150
Remaining shares available for future issuance under Equity Incentive Plan	1,023,408	3,954,710	8,099,908
Total shares of common stock reserved	121,596,812	120,215,617	122,610,399

10. Equity Incentive Plan

In 2006, the Company established its 2006 Equity Incentive Plan, as amended (“the Plan”), which provides for the grant of stock options and restricted stock to employees, directors, officers and consultants of the Company. The Plan allows for time-based or performance-based vesting for the awards. The Plan has been amended and restated at various times since its adoption. As of March 31, 2021, there have been no performance-based awards granted under the Plan.

Options under the Plan have a contractual life of up to ten years. The exercise price of a stock option shall not be less than 100% of the estimated fair value of the shares on the date of grant, as determined by the Board of Directors. For Incentive Stock Options (“ISO”) as defined in the Internal Revenue Code of 1986 (“the Code”), the exercise price of an

ISO granted to a 10% stockholder shall not be less than 110% of the estimated fair value of the underlying stock on the date of grant as determined by the Board of Directors. The Company's options generally vest over four years. Under the Plan, stock option awards entitle the holder to receive one share of common stock for every option exercised.

In the event of a change in control and a resulting qualifying termination within twelve months following the closing, certain executive participants have acceleration clauses in which 50%-100% of the participant's then unvested shares will be deemed to have vested, if the participant executes a complete release of all claims he or she may have against the company and meets certain other requirements. A change in control is defined as a (i) consolidation, reorganization or merger of the Company with or into any other entity or entities in which the holders of the Company's outstanding shares immediately before such consolidation, reorganization or merger do not, immediately after such consolidation, reorganization or merger, retain stock or other ownership interests representing a majority of the voting power of the surviving entity or entities as a result of their shareholdings in the Company immediately before such consolidation, reorganization or merger; or (ii) a sale of all or substantially all of the Company's assets. A "qualifying termination" is defined as an involuntary termination of service for reasons other than "cause", death, permanent disability or "good reason". Both "cause" and "good reason" are defined in the Plan or applicable grant agreement.

As of March 31, 2021 and 2020, the Company's Board of Directors had authorized 66,948,537 and 60,348,537 shares of common stock to be reserved for grant of awards under the Plan, respectively.

Stock Option Activity

Stock option activity and activity regarding shares available for grant under the Plan is as follows:

		Options Outstanding			
	Shares Available for Grant	Outstanding Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
	(in thousands, except share, years, and per share data)				
Balance as of April 1, 2018	8,876,172	24,203,058	$ 5.05	8.0	$134,591
Shares authorized	12,000,000	—			
Granted	(14,265,875)	14,265,875	11.11		
Exercised	—	(8,912,172)	8.11		29,900
Cancelled/Forfeited/Expired	1,489,611	(1,489,611)	8.80		
Balance as of March 31, 2019	8,099,908	28,067,150	$ 6.97	7.8	$128,583
Granted	(7,061,920)	7,061,920	11.55		
Exercised	—	(2,394,782)	3.65		18,967
Cancelled/Forfeited/Expired	2,916,722	(2,916,722)	10.30		
Balance as of March 31, 2020	3,954,710	29,817,566	$ 7.99	7.5	$106,688
Shares authorized	6,600,000	—			
Granted	(11,957,813)	11,957,813	11.57		
Exercised	—	(9,973,842)	7.65		47,571
Cancelled/Forfeited/Expired	2,426,511	(2,426,511)	10.29		
Balance as of March 31, 2021	1,023,408	29,375,026	$ 9.37	7.1	$403,498
Vested and exercisable as of March 31, 2021		16,164,320	$ 7.77	5.8	$248,018

The weighted-average grant date fair value of options granted during the fiscal years ended March 31, 2021, 2020 and 2019 was $6.92, $6.25 and $6.06, respectively. As of March 31, 2021, unrecognized stock-based compensation cost related to unvested stock options was $83.8 million, which is expected to be recognized over a weighted-average period of 2.7 years.

The Company estimated the fair value of options granted using the Black-Scholes option-pricing model. The fair value of stock options is being amortized on a straight-line basis over the requisite service period of the awards.

The Black-Scholes assumptions used to value stock options at the grant dates are as follows:

	Year Ended March 31,					
	2021		2020		2019	
	Min	Max	Min	Max	Min	Max
Expected term (years)	4.0	6.1	5.0	6.1	5.0	6.3
Expected volatility	61%	68%	53%	62%	52%	54%
Risk-free interest rate	0.2%	0.5%	0.6%	2.2%	2.5%	3.1%
Expected dividend yield	0%	0%	0%	0%	0%	0%

These assumptions and estimates were determined as follows:

- Fair Value of Common Stock—As the Company's common stock was not publicly traded during the years ended March 31, 2021, 2020, and 2019, the fair value was determined by the Company's Board of Directors, with input from management and contemporaneous valuation reports prepared by third-party valuation specialists. The valuations of the Company's common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. Objective and subjective factors were used to determine the fair value of the common stock as of the date of each option grant including, but not limited to, (i) the Company's capital resources and financial condition; (ii) the rights and preferences held by the holders of the Company's preferred stock relative to those of the holders of the Company' common stock; (iii) the likelihood of achieving a liquidity event, such as an initial public offering; (iv) operational and financial performance and condition; (v) valuations of comparable companies; (vi) the status of the Company's development, product introduction, and sales efforts; (vii) the lack of marketability of the common stock; and (viii) industry information. The enterprise value was determined using both the income approach and market approach. The income approach estimated value based on the expectation of future cash flows. These future cash flows are discounted to their present values using a discount rate and is risk-adjusted to reflect the risks inherent in the Company's cash flows. The market approach estimated value based on a comparison to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple was then applied to the Company's financial results to estimate the enterprise value. The resulting enterprise value was then allocated to each share class using a probability-weighted expected return method to allocate value among the various share classes and a discount for lack of marketability was applied to arrive at the fair value of the common stock on a non-marketable basis. In addition, consideration was given to recent secondary transaction activity involving the purchase or sale of shares of common stock.
- Expected Term—Expected term represents the period that options are expected to be outstanding. For option grants that are considered to be "plain vanilla," the Company determined the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.
- Expected Volatility—The expected volatility was based on the historical stock volatilities of several of the Company's publicly listed comparable companies over a period equal to the expected terms of the options, as the Company does not have any trading history to use the volatility of its own common stock.
- Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes, with maturities approximately equal to the option's expected term.
- Expected Dividend Yield—The Company has never paid dividends and does not presently plan to pay dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

Stock-Based Compensation

The total share-based compensation expense related to stock options by line item in the accompanying consolidated statements of operations is summarized as follows:

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Cost of revenue	$ 858	$ 733	$ 740
Research and development	21,771	16,524	13,789
Sales and marketing	4,081	3,988	3,616
General and administrative	59,986	18,932	12,154
Restructuring and other charges	—	881	—
Total stock-based compensation expense	$ 86,696	$ 41,058	$ 30,299

Early Exercise of Common Stock Options and Significant Modification

The Plan allows for option awards that include the right to early exercise options for shares of common stock. In the grants to the CEO (who is a related party), the Company's Board of Directors authorized the CEO to exercise unvested options to purchase shares of common stock. Under the terms of the Plan, any shares received from such early exercises are subject to repurchase, at the option of the Company, at the original issuance price in the event of the CEO's termination of service as a Service Provider (as defined in the Plan) for any reason, until the options would have been fully vested. In August 2020, the CEO was granted options for 3,000,000 shares, which were eligible for early exercise. In September 2020, the CEO exercised all 3,000,000 unvested stock options. The cash proceeds received for such exercise were $34.7 million. In February 2021, the CEO exercised an option for 4,808,423 shares of Class B Common Stock for a cash purchase price of $32.6 million. During the fiscal years ended March 31, 2021, 2020 and 2019, the CEO exercised 4,843,229, 0 and 5,777,084 unvested stock options early, respectively. The cash proceeds received for unvested options exercised by the CEO, during the fiscal years ended March 31, 2021, 2020 and 2019 were $47.2 million, $0 and $66.4 million, respectively.

In February 2021, the Board of Directors modified option awards granted to the CEO, which accelerated the vesting of all 7,111,979 unvested common shares previously purchased by the CEO. Stock-based compensation expense of $40.4 million was recorded to General and Administrative expenses which represented the recognition of the remaining unrecognized compensation expense associated with these grants as of the date of modification. As a result of the Board-approved accelerated vesting of these early exercised unvested shares, there were no early exercise liabilities as of March 31, 2021.

As of March 31, 2021, there was no common stock subject to repurchase. As of March 31, 2020, 3,810,417 shares of Class B common stock were subject to repurchase, at a weighted average repurchase price of $11.50 per share.

Secondary Sale Transactions

During the fiscal years ended March 31, 2021, 2020 and 2019, certain current and former employees sold shares of common stock to certain existing shareholders at a sales price that was above the then-current fair value. Since the purchasing parties are entities affiliated with a holder of economic interest in the Company and acquired the shares from current and former employees at a price in excess of fair value of such shares, the amount paid in excess of the fair value of common stock at the time of the secondary sales was recorded as compensation expense.

Total stock-based compensation expense related to the secondary sale transactions by line item included in the consolidated statements of operations for the fiscal years ended March 31, 2021, 2020 and 2019 is summarized as follows:

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Cost of revenue	$ 2	$ 15	$ 4
Research and development	48	2,510	2,282
Sales and marketing	9	360	702
General and administrative	1,670	895	4,204
Total stock-based compensation expense	$ 1,729	$ 3,780	$ 7,192

11. Income Taxes

The components of the Company's loss before provision for (benefit from) income taxes for the fiscal years ended March 31, 2021, 2020 and 2019 were as follows:

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Domestic	$(183,619)	$(250,863)	$(183,533)
Loss before provision for (benefit from) income taxes	$(183,619)	$(250,863)	$(183,533)

There has historically been no federal or state provision for income taxes because the Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets. For the fiscal years ended March 31, 2021, 2020 and 2019, the Company recognized no provision related to income taxes.

The differences between the statutory tax rate and the Company's effective tax rate, expressed as a percentage of loss before provision for (benefit from) income taxes, for the fiscal years ended March 31, 2021, 2020 and 2019 were as follows:

	Year Ended March 31,		
	2021	2020	2019
Statutory federal tax expense rate	21%	21%	21%
State taxes, net of federal benefit	0	0	0
Non-deductible stock-based compensation	(7)	(2)	(2)
Change in valuation allowance	(14)	(19)	(19)
Other	0	0	(0)
Effective tax rate	0%	0%	0%

The primary difference between the corporate statutory rate and the Company's effective tax rate of zero relates to the non-deductible stock-based compensation and the change in valuation allowance.

Deferred income taxes result from differences in the recognition of revenue and expenses for tax and financial reporting purposes, as well as operating loss and tax credit carryforwards. The components of net deferred tax assets, as of March 31, 2021 and 2020 consisted of:

	March 31, 2021	March 31, 2020
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 181,020	$ 165,161
Accruals and reserves	3,591	4,596
Stock-based compensation	6,291	6,552
Deferred revenue	17,785	5,152
Operating lease liabilities	23,393	23,160
Intangibles	355	75
Other	391	390
Gross deferred tax assets	232,826	205,086
Valuation allowance	(213,267)	(185,249)
Total deferred tax assets	19,559	19,837
Deferred tax liabilities:		
Prepaid expenses	(841)	(885)
Operating lease right-of-use assets	(15,755)	(15,541)
Property and equipment	(2,963)	(3,411)
Gross deferred tax liabilities	(19,559)	(19,837)
Net deferred taxes	$ —	$ —

As of March 31, 2021 and 2020, the Company had $733.3 million of federal and $410.5 million state net operating loss carryforwards and $665.1 million of federal and $381.7 million state net operating loss carryforwards, respectively, available to reduce future taxable income, which will begin to expire in 2026 for federal and state tax purposes. As a result of the Tax Cuts and Jobs Act, net operating losses generated after December 31, 2017 have an indefinite life and losses are limited to 80% of taxable income. Included in the $733.3 million carryover losses is $385.7 million of net operating losses with an indefinite life. The Company does not have any federal and state research and development tax credit carryforwards. The change in the valuation allowance in the current year was an increase of $28 million primarily related to the increase of current year losses.

The Tax Reform Act of 1986 and similar California legislation impose substantial limitations on the utilization of net operating loss and tax credit carryforwards, if there is a change in ownership as provided by Section 382 of the Internal Revenue Code and similar state provisions. Such a limitation could result in the expiration of the net operating loss carryforwards and tax credits before utilization. The Company performed a study for the period through March 31, 2021 and determined that no ownership change exceeding 50 percentage points had occurred. The Company's ability to use net operating loss carryforwards to reduce future taxable income and liabilities may be subject to annual limitations as a result of ownership changes in subsequent years.

Significant management judgment is required in determining the provision for income taxes and, in particular, any valuation allowance recorded against the Company's deferred tax assets. The Company determined that, due to the Company's cumulative tax loss history and the difficulty in forecasting the timing of future revenue, it was necessary to maintain a valuation allowance under ASC 740 to the full amount of the deferred tax asset. The Company determined that it was not more-likely-than-not that the deferred tax asset would be utilized.

The Company complies with ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statement of any uncertain tax positions that have been taken or expected to be taken on a tax return. This pronouncement sets a "more likely than not" criterion for recognizing the tax benefit of uncertain tax positions. The Company does not anticipate any significant changes to unrecognized tax benefits in the next 12 months. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

A reconciliation of the beginning and ending balance of unrecognized tax benefits is summarized as follows:

	Unrecognized Tax Benefits (in thousands)
Balance as of March 31, 2018	$ 234
Decreases in unrecognized tax benefits related to prior year tax positions	—
Increases in unrecognized tax benefits related to current year tax positions	48
Balance as of March 31, 2019	282
Decreases in unrecognized tax benefits related to prior year tax positions	—
Increases in unrecognized tax benefits related to current year tax positions	17
Balance as of March 31, 2020	299
Decreases in unrecognized tax benefits related to prior year tax positions	(299)
Increases in unrecognized tax benefits related to current year tax positions	—
Balance as of March 31, 2021	$ —

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. During the fiscal years ended March 31, 2021, 2020 and 2019, the Company recognized no interest and penalties associated with the unrecognized tax benefits. There are no tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date. If recognized, $0 would affect the Company's effective tax rate due to its valuation allowance.

The Company files federal, California, and various state income tax returns. Due to the Company's net operating loss carryforward since inception, all tax years are open for examination.

12. Net Loss Per Share Attributable to Common Stockholders

The net loss attributable to common stockholders is allocated based on the contractual participation rights of the Class A and Class B common stock. As the liquidation and dividend rights of the Class A and Class B common stock are identical, the net loss attributable to common stockholders is allocated on a proportionate basis, and the resulting net loss per share is identical for Class A and Class B common stock under the two class method.

The diluted net loss per share attributable to common stockholders is calculated by giving effect to all potentially dilutive common stock equivalents during the period. The Company's redeemable convertible preferred stock, stock options and early exercised stock options are considered to be potential common stock equivalents, but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

Net loss attributable to common stockholders is equivalent to net loss for all periods presented.

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders for the periods presented:

	Year Ended March 31,					
	2021		2020		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
	(in thousands, except share and per share data)					
Numerator:						
Net loss attributable to common stockholders	$ (37,070)	$ (146,549)	$ (49,094)	$ (201,769)	$ (28,592)	$ (154,941)
Denominator:						
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	8,771,824	34,678,002	7,525,465	30,928,302	5,371,951	29,110,507
Net loss per share attributable to common stockholders, basic and diluted	$ (4.23)	$ (4.23)	$ (6.52)	$ (6.52)	$ (5.32)	$ (5.32)

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive are as follows:

	Year Ended March 31,					
	2021		2020		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
Conversion of redeemable convertible preferred stock	—	91,198,378	—	86,443,341	—	86,443,341
Outstanding stock options	7,898,294	21,476,732	—	29,817,566	—	28,067,150
Issuance of common stock upon early exercise of options (unvested)	—	—	—	3,810,417	—	5,285,417
Total	7,898,294	112,675,110	—	120,071,324	—	119,795,908

13. Employee Benefit Plan

The Company has a defined contribution plan in the U.S. intended to qualify under Section 401 of the Internal Revenue Code (the “401(k) Plan”). The 401(k) Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Participants may contribute up to 75% of their salary up to the statutory prescribed annual limit. During the first nine months of fiscal year 2020 and the twelve months of fiscal year 2019, the Company made matching contributions of $75 per paycheck on a bi-monthly cycle for eligible employees. Beginning January 2020, the Company increased the matching contribution to $95.84 per paycheck on a bi-monthly cycle, for eligible employees, for a maximum contribution of $2,300 per calendar year. During the fiscal years ended March 31, 2021, 2020 and 2019, the Company recognized expenses related to the 401(k) Plan of $1.5 million, $1.7 million and $0.8 million, respectively.

14. Related Party Transactions

The CEO exercised unvested options to purchase shares of common stock. In February 2021, the Board of Directors accelerated the vesting of all 7,111,979 unvested shares previously purchased by the CEO, which resulted in stock-based compensation expense of $40.4 million related to recognition of the remaining compensation expense associated with these grants. For further information, see Note 10, "*Equity Incentive Plan*".

As described in Note 3, "*Collaborations*", in July 2018, the Company and GSK entered into a collaboration agreement. At that time, GSK also purchased 17,291,066 shares of the Company's Series F-1 redeemable convertible preferred stock, which resulted in GSK having a greater than 10% voting interest in the Company as of March 31, 2021, 2020 and 2019.

15. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through June 21, 2021, the date at which the consolidated financial statements were available to be issued.

Merger Agreement

On February 4, 2021, 23andMe, Inc. entered into an Agreement and Plan of Merger, as amended on February 13, 2021 and March 25, 2021 (the "Merger Agreement"), with VG Acquisition Corp ("VGAC"), a Cayman Islands exempted company. The Merger Agreement provided for, among other things, the domestication of VGAC (the "Domestication"), pursuant to which VGAC changed its jurisdiction of incorporation to Delaware and changed its name to 23andMe Holding Co. ("New 23andMe"). The Domestication was followed immediately by the merger of 23andMe, Inc. with a wholly owned subsidiary of New 23andMe (the "Merger"). As a result of the Merger, 23andMe, Inc. became a wholly-owned subsidiary of New 23andMe. The Domestication and the Merger are collectively referred to herein as the "Business Combination" and the closing of the Merger is referred to herein as the "Closing".

Pursuant to the Domestication, each outstanding ordinary Class A share and ordinary Class B share of VGAC was converted into a share of Class A Common Stock of New 23andMe. Pursuant to the Merger, each outstanding share of 23andMe, Inc. Class A Common Stock was exchanged for 2.293698169 shares of New 23andMe Class A Common Stock, and each outstanding share of 23andMe, Inc. Class B Common Stock, including all shares of 23andMe, Inc. Preferred Stock, which were mandatorily converted into a like number of shares of 23andMe, Inc. Class B Common Stock immediately prior to the Merger, was exchanged for 2.293698169 shares of New 23andMe Class B Common Stock. Shares of New 23andMe Class A Common Stock have one vote per share, and shares of New 23andMe Class B Common Stock have ten votes per share. Shares of New 23andMe Class B Common Stock will be subject to automatic conversion to New 23andMe Class A Common Stock upon any transfers of such shares (except for certain permitted transfers). Upon the Closing, each outstanding option to purchase 23andMe, Inc. Class A Common Stock and 23andMe, Inc. Class B Common Stock and each outstanding restricted stock unit (whether vested or unvested) was assumed by New 23andMe and converted into comparable options or restricted stock units that will be exercisable for, (or in the case of restricted stock units, settled for) 2.293698169 shares of New 23andMe Class A Common Stock.

Pursuant to the Domestication, each outstanding warrant of VGAC was converted into a warrant to purchase one share of New 23andMe Class A Common Stock upon exercise of such warrant, and each outstanding unit of VGAC not previously separated into an underlying Class A ordinary share of VGAC and an underlying warrant to purchase a Class A ordinary share of VGAC was canceled and, upon the Closing, represented the right to purchase one share of Class A Common Stock of New 23andMe and one-third of one warrant exercisable for one share of Class A Common Stock of New 23andMe. No fractional warrants are issuable, and warrant holders may exercise warrants only for a whole number of shares of Class A Common Stock of New 23andMe. The exercise price of the warrants is $11.50 per share. The warrants are redeemable by New 23andMe pursuant to the terms and conditions set forth in the warrant agreements. As of the Closing Date, there are 25,065,665 warrants outstanding, comprised of 8,113,999 private placement warrants held by VG Acquisition Sponsor LLC (the "Sponsor") and 16,951,666 public warrants. In accordance with the warrant agreements, warrants will become exercisable on October 6, 2021. The warrants will expire five years after the Closing, or earlier upon redemption or liquidation.

The Closing occurred on June 16, 2021 (the "Closing Date"). The transaction is expected to be accounted for as a reverse recapitalization. Gross proceeds of $592 million were received at the Closing and estimated closing costs of $66.6 million were incurred. As of March 31, 2021, $4.0 million of deferred transaction costs were recorded, which consisted

of legal, accounting, and other professional services directly related to the Merger. These costs were included in current assets on the Company's consolidated balance sheet. The cash outflows related to these costs were presented as financing activities on the Company's consolidated statement of cash flows. These costs will be offset against proceeds upon accounting for the Closing.

PIPE Investment

On February 4, 2021, concurrently with the execution of the Merger Agreement, VGAC entered into subscription agreements with certain investors (the "PIPE Investors") to which such investors collectively subscribed for an aggregate of 25,000,000 shares of New 23andMe Class A Common Stock at $10.00 per share for aggregate gross proceeds of $250,000,000 (the "PIPE Investment"). The Anne Wojcicki Foundation, which subscribed for 2,500,000 shares of New 23andMe Class A Common Stock, is affiliated with the Company's CEO and therefore a related party. The PIPE Investments were consummated substantially concurrently with the closing of the Merger.

Lock-up and Earn-Out Shares

Pursuant to a letter agreement entered into on October 1, 2020 (the "VGAC IPO Letter Agreement") by VGAC, VG Acquisition Sponsor LLC (the "Sponsor"), and the then officers and directors of VGAC (the "VGAC Insiders"), as amended by a Sponsor Letter Agreement (the "Sponsor Letter Agreement"), dated as of February 4, 2021, by and among 23andMe, Inc., VGAC, the Sponsor, the VGAC Insiders and Credit Suisse Securities (USA) LLC as representative of the several Underwriters named in the underwriting agreement with respect to the initial public offering of VGAC (the "Underwriter"), the VGAC Insiders agreed to certain transfer restrictions applicable to 12,713,750 of the Class B ordinary shares of VGAC held by the Sponsor and VGAC Insiders (the "Founder Shares"), which were converted in the Business Combination to a like number of shares of Class A Common Stock of New 23andMe. Pursuant to the VGAC IPO Letter Agreement, as amended by the Sponsor Letter Agreement, 70% of the Founder Shares cannot be transferred (subject to certain limited exceptions) until the earlier to occur of (i) one year after the completion of the Business Combination or (ii) the date following the completion of the Business Combination on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the shareholders having the right to exchange their ordinary shares for cash, securities or other property. Notwithstanding the foregoing, if the closing price of the New 23andMe Class A Common Stock equals or exceeds $12.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Business Combination, 70% of the Founder Shares will be released from the lock-up.

The Sponsor Letter Agreement amended the VGAC IPO Letter Agreement to provide that 3,814,125 of the Class B ordinary shares of VGAC held by the Sponsor on the date of the Sponsor Letter Agreement (30% of the Founders Shares), which were converted in the Business Combination to a like number of shares of Class A Common Stock of New 23andMe (the "Earn-Out Shares"), are subject to a lockup of seven years pursuant to which such shares may not be sold until the expiration of the lockup period as defined therein. The lockup has an early release effective (i) with respect to 50% of the Earn-Out Shares, upon the closing price of the New 23andMe Class A Common Stock equaling or exceeding $12.50 per share for any 20 trading days within any 30-trading-day period and (ii) with respect to the other 50% of the Earn-Out Shares, upon the closing price of the New 23andMe Class A Common Stock equaling or exceeding $15.00 per share for any 20 trading days within any 30-trading-day period.

Purchase Obligations

In June 2021, the Company entered into a non-cancellable long-term contract with purchase obligations totaling $33 million over a 3-year period related to data services.

Restricted Stock Units

In the first quarter of fiscal year 2022, prior to the Closing, the Company granted 1,237,255 restricted stock units ("RSUs"), subject to vesting based on service. These RSUs were converted into 2,837,889 comparable RSUs of New 23andMe pursuant to the Merger, and represent the right, upon vesting, to receive shares of New 23andMe Class A Common Stock. The fair value of RSUs is determined using the fair value of the Company's common stock on the date of grant. Stock-based compensation for the RSUs will be recognized over the related vesting period.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Defined terms included below have the same meaning as terms defined and included elsewhere in this Current Report on Form 8-K and, if not defined in the Form 8-K, the Proxy Statement/Prospectus.

Introduction

The following unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses" and present the historical financial statements of VG Acquisition Corp. ("VGAC") and 23andMe, adjusted to reflect the Business Combination. VGAC and 23andMe shall collectively be referred to herein as the "*Companies.*" VGAC, subsequent to the Business Combination, and on a consolidated basis with 23andMe, shall be referred to herein as "*New 23andMe.*"

The unaudited pro forma combined balance sheet as of March 31, 2021 combines the historical consolidated balance sheet of VGAC as of March 31, 2021 with the historical consolidated balance sheet of 23andMe as of March 31, 2021 on a pro forma basis as if the Business Combination and the other events contemplated by the Merger Agreement, summarized below, had been consummated on March 31, 2021.

VGAC and 23andMe have different fiscal years. VGAC's fiscal year ends on December 31, whereas 23andMe's fiscal year ends on March 31. The unaudited pro forma combined statement of operations for the twelve months ended March 31, 2021 combines the historical unaudited statement of operations of VGAC for the twelve months ended March 31, 2021 with the historical audited consolidated statement of operations of 23andMe for the twelve months ended March 31, 2021. VGAC's financial results for the twelve months ended March 31, 2021 have been derived by adding its unaudited results of operations for the nine months ended December 31, 2020 to its unaudited results of operations for the three months ended March 31, 2021. The unaudited pro forma combined statement of operations for the twelve months ended March 31, 2021 has been prepared utilizing period ends that differ by less than 93 days, as permitted by Rule 11-02 Regulation S-X. The unaudited pro forma combined consolidated statement of operations are presented on a pro forma basis as if the Business Combination and the other events contemplated by the Merger Agreement, as summarized below, had been consummated on April 1, 2020.

The unaudited pro forma combined financial information was derived from the following historical financial statements and the accompanying notes:

- the (a) historical unaudited financial statements of VGAC as of and for the three months ended March 31, 2021, and (b) historical unaudited consolidated financial statements of VGAC for the nine months ended December 31, 2020, which were derived from the accounting records used to prepare the historical audited consolidated financial statements of VGAC as of and for the period from February 19, 2020 (Inception) through December 31, 2020 and
- The historical audited consolidated financial statements of 23andMe as of and for the year ended March 31, 2021.

The unaudited pro forma combined financial statements have been presented for illustrative purposes only and do not necessarily reflect what New 23andMe's financial condition or results of operations would have been had the Business Combination occurred on the dates indicated. Further, the unaudited pro forma combined financial information also may not be useful in predicting the future financial condition and results of operations of New 23andMe. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma adjustments represent management's estimates based on information available as of the date of these unaudited pro forma combined financial statements and are subject to change as additional information becomes available and analyses are performed.

The unaudited pro forma combined financial information should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations of VG Acquisition Corp," "Management's Discussion and Analysis of Financial Condition and Results of Operations of 23andMe" and other financial information included beginning on page 204 of the final prospectus and definitive proxy statement, dated May 14, 2021 (the "Proxy Statement/Prospectus") and filed with the Securities and Exchange Commission (the "SEC"), including the Merger Agreement and the description of certain terms thereof set forth under the section titled "Business Combination" in the Proxy Statement/Prospectus.

Business Combination

On February 4, 2021, VGAC, and its wholly-owned subsidiary, Chrome Merger Sub, Inc. ("Merger Sub"), entered into the Merger Agreement, with 23andMe. The Business Combination was completed on June 16, 2021.

(i) VGAC became a Delaware corporation (the "Domestication") and, in connection with the Domestication,

(A) VGAC's name changed to "23andMe Holding Co." ("New 23andMe"),

(B) each then-issued and outstanding Class A ordinary share of VGAC converted automatically into one share of Class A Common Stock of New 23andMe (the "New 23andMe Class A Common Stock"),

(C) each then-issued and outstanding Class B ordinary share of VGAC converted automatically into one share of New 23andMe Class A Common Stock, and

(D) each then-issued and outstanding common warrant of VGAC converted automatically into one warrant to purchase one share of New 23andMe Class A Common Stock; and

(ii) following the Domestication, VGAC Merger Sub merged with and into 23andMe, with 23andMe as the surviving company in the merger and, after giving effect to such merger, continuing as a wholly-owned subsidiary of New 23andMe (the "Merger"). The Domestication, the Merger and the other transactions contemplated by the Merger Agreement are hereinafter referred to as the "Business Combination."

In connection with the Business Combination, New 23andMe adopted a dual class stock structure pursuant to which:

(i) all shareholders of VGAC, other than the holders of 23andMe Class B Common Stock outstanding immediately prior to the closing of the Merger (the "Closing") will hold shares of New 23andMe Class A Common Stock, which will have one vote per share, and

(ii) the holders of 23andMe Class B Common Stock outstanding immediately prior to the Closing will hold shares of Class B Common Stock of New 23andMe (the "New 23andMe Class B Common Stock"), which will have 10 votes per share. The New 23andMe Class B Common Stock will be subject to automatic conversion to New 23andMe Class A Common Stock upon any transfers of New 23andMe Class B Common Stock (except for certain permitted transfers).

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF MARCH 31, 2021
(in thousands)

	VGAC (Historical)	23andMe (Historical)	Transaction Accounting Adjustments		Pro Forma Combined
ASSETS					
Current assets:					
Cash	$ 81	$ 282,489	$ 508,732	(A)	$810,103
			(17,799)	(B)	
			(38,737)	(D)	
			(1,927)	(K)	
			244,000	(C)	
			(166,736)	(L)	
Restricted cash	—	1,399	—		1,399
Accounts receivable, net	—	2,481	—		2,481
Inventories	—	6,239	—		6,239
Deferred costs of revenue	—	5,482	—		5,482
Prepaid expenses and other current assets	377	15,485	(3,971)	(D)	11,891
Total current assets	458	313,575	523,562		837,595
Investments and cash held in Trust Account	508,732	—	(508,732)	(A)	—
Property and equipment, net	—	60,884	—		60,884
Operating lease right-of-use assets	—	63,122	—		63,122
Restricted cash, noncurrent	—	6,974	—		6,974
Internal-use software, net	—	6,889	—		6,889
Other assets	—	654	—		654
TOTAL ASSETS	**$ 509,190**	**$ 452,098**	**$ 14,830**		**$976,118**
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accounts payable	$ —	$ 12,271	$ —		$ 12,271
Accrued expenses and other current liabilities	1,627	31,953	(1,627)	(K)	31,953
Deferred revenue	—	71,255	—		71,255
Operating lease liabilities	—	6,140	—		6,140
Current liabilities - Advances from related party	300	—	(300)	(K)	—
Total current liabilities	1,927	121,619	(1,927)		121,619
Operating lease liabilities, noncurrent	—	87,582	—		87,582
Other liabilities	—	1,165	—		1,165
Warrant liability	44,402	—	—		44,402
Deferred underwriting fee payable	17,799	—	(17,799)	(B)	—
Total liabilities	64,128	210,366	(19,726)		254,768

	VGAC (Historical)	23andMe (Historical)	Transaction Accounting Adjustments		Pro Forma Combined
Class A subject to possible redemption	440,062	—	(440,062)	(E)	—
Redeemable convertible preferred stock	—	837,351	(837,351)	(F)	—
Stockholders' equity (deficit):					
VGAC Class A Ordinary Shares	1	—	4	(E)	—
			(5)	(H)	
VGAC Class B Ordinary Shares	1	—	(1)	(H)	—
Class A common stock	—	—	250	(C)	927
			636	(H)	
			208	(I)	
			(167)	(L)	
Class B common stock	—	—	1	(F)	3,138
			3,137	(G)	
Additional paid-in capital	30,305	381,619	440,058	(E)	1,694,523
			837,350	(F)	
			(3,137)	(G)	
			(630)	(H)	
			(208)	(I)	
			(25,307)	(J)	
			(42,708)	(D)	
			243,750	(C)	
			(166,569)	(L)	
Accumulated deficit	(25,307)	(977,238)	25,307	(J)	(977,238)
Total stockholders' equity (deficit)	5,000	(595,619)	1,311,969		721,350
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)	**$ 509,190**	**$ 452,098**	**$ 14,830**		**$ 976,118**

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands, except share and per share data)

	Nine Months Ended December 31, 2020	Three Months Ended March 31, 2021	Twelve Months Ended March 31, 2021	Twelve Months Ended March 31, 2021			Twelve Months Ended March 31, 2021
	VGAC (Historical)	VGAC (Historical)	VGAC (Historical)	23andMe (Historical)	Transaction Accounting Adjustments		Pro Forma Combined
Revenue	$ —	$ —	$ —	$ 243,920	$ —		$ 243,920
Cost of revenue	—	—	—	126,914	—		126,914
Gross profit	—	—	—	117,006	—		117,006
Operating expenses:					—		
Research and development	—	—	—	159,856	—		159,856
Sales and marketing	—	—	—	43,197	—		43,197
General and administrative	960	2,674	3,634	99,149	—		102,783
Total operating expenses	960	2,674	3,634	302,202	—		305,836
Loss from Operations	(960)	(2,674)	(3,634)	(185,196)	—		(188,830)
Interest and other income, net	95	87	182	1,577	(182)	(AA)	1,577
Change in fair value of warrant liability	(47,728)	25,883	(21,845)	—	—		(21,845)
Net and comprehensive income (loss)	$ (48,593)	$ 23,296	$ (25,297)	$ (183,619)	$ (182)		$ (209,098)
Weighted average shares of VGAC Class A Ordinary Shares outstanding – basic and diluted	50,592,471	50,855,000	50,725,960				
Net income per share of VGAC Class A Ordinary Shares – basic and diluted	$ 0.00	$ 0.00	$ 0.00				
Weighted average shares of VGAC Class B Ordinary Shares outstanding – basic and diluted	12,713,750	12,713,750	12,713,750				
Net income (loss) per share of VGAC Class B Ordinary Shares – basic and diluted	$ (3.83)	$ 1.83	$ (2.00)				
Weighted average shares of 23andMe Class A Common Stock outstanding – basic and diluted				8,771,824			92,655,484
Net loss per share of 23andMe Class A Common Stock – basic and diluted				$ (4.23)			$ (0.51)
Weighted average shares of 23andMe Class B Common Stock outstanding – basic and diluted				34,678,002			313,759,355
Net loss per share of 23andMe Class B Common Stock- basic and diluted				$ (4.23)			$ (0.51)

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Note 1 – Description of the Business Combination

On February 04, 2021, VGAC, together with Merger Sub, entered into the Merger Agreement with 23andMe. Pursuant to the Merger Agreement, on the Closing Date, Merger Sub merged with and into 23andMe, with 23andMe surviving the merger as a wholly owned subsidiary of VGAC. At Closing, VGAC changed its name to 23andMe Holding Co. ("New 23andMe"). Following the Closing, (a) New 23andMe owns all the equity interests of 23andMe and (b) the former equity holders of 23andMe will hold a portion of the outstanding New 23andMe Class A Common Stock and will hold all of the outstanding New 23andMe Class B Common Stock.

The aggregate consideration for the Business Combination included common stock consideration, after giving effect to the Share Conversion Ratio, as follows:

(in thousands, except for share amounts)	
Class A and Class B Common Stock transferred at Closing	334,513,150
Value Per Share (1)	$ 10.00
Total Common Stock Consideration	$ 3,345,132

(1) The value of 23andMe common stock transferred at closing is assumed to be $10.00 per share. The Business Combination is expected to be accounted for as a reverse recapitalization and therefore any change in the trading price of VGAC between the signing of the Merger Agreement and the closing will not impact the pro forma financial statements because the net assets of VGAC acquired at closing will be recorded at their carrying values.

The unaudited pro forma combined information contained herein reflects VGAC's shareholders approval of the Merger Transaction on June 10, 2021, and that VGAC's public shareholders holding 16,667,061 VGAC Class A ordinary shares have elected to redeem their shares prior to the Closing. The following summarizes the pro forma New 23andMe Common Stock issued and outstanding immediately after the Business Combination, after giving effect to the Share Conversion Ratio:

	Pro Forma Combined	%
VGAC Shareholders	34,187,939	8.4%
Sponsor (1)	12,713,750	3.1%
PIPE Investors	25,000,000	6.2%
23andMe Class A Stockholders (2)	20,753,795	5.1%
23andMe Class B Stockholders (2) (3)	313,759,355	77.2%
Pro Forma Common Stock	**406,414,839**	

(1) Includes 3,814,125 shares held by the Sponsor that are subject to a lockup for seven years as of the Closing. The lockup has an early release effective (i) with respect to 50% of the shares upon the closing price of the New 23andMe Class A Common Stock equaling or exceeding $12.50 per share for any 20 trading days within any 30 trading day period and (ii) with respect to the other 50% of the shares, upon the closing price of the New 23andMe Class A Common Stock equaling or exceeding $15.00 per share for any 20 trading days within any 30 trading day period. The remaining 8,899,625 shares cannot be transferred (subject to certain limited exceptions) until the earlier to occur of (i) one year after the completion of the Business Combination or (ii) the date following the completion of the Business Combination on which New23andMe completes a liquidation, merger, share exchange or other similar transaction that results in all of the shareholders having the right to exchange their ordinary shares for cash, securities or other property. Notwithstanding the foregoing, if the closing price of the New 23andMe Class A Common Stock equals or exceeds $12.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Business Combination, 8,899,625 of the Founder Shares will be released from the lock-up.

(2) Shares of New 23andMe Class B Common Stock carry ten votes per share whereas shares of New 23andMe Class A Common Stock will have one vote per share. The New 23andMe Class B Common Stock will be subject to automatic conversion to New 23andMe Class A Common Stock upon any transfers of New 23andMe Class B Common Stock (except for certain permitted transfers).

(3) Includes 91,198,378 shares of 23andMe redeemable convertible preferred stock, which will convert into shares of 23andMe Class B Common Stock immediately prior to the Closing and exchanged for New 23andMe Class B Common Stock at the Share Conversion Ratio pursuant to the Merger.

Note 2 — Basis of the Pro Forma Presentation

The Business Combination is expected to be accounted for as a reverse recapitalization in accordance with U.S. generally accepted accounting principles, with no goodwill or other intangible assets recorded in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"). VGAC will be treated as the "acquired" company for financial reporting purposes and 23andMe has been determined to be the accounting acquirer. Accordingly, the Business Combination will be treated as the equivalent of 23andMe issuing stock for the net assets of VGAC, accompanied by a recapitalization. The net assets of New 23andMe will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of 23andMe.

23andMe has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- 23andMe stockholders will have a relative majority of the voting power of New 23andMe;
- The New 23andMe Board will comprise seven members, of whom six individuals shall be designated by 23andMe;
- 23andMe's senior management will comprise the senior management roles of New 23andMe and be responsible for the day-to-day operations;
- New 23andMe will assume the 23andMe name; and
- The intended strategy and operations of New 23andMe will continue 23andMe's current strategy.

The unaudited pro forma combined balance sheet as of March 31, 2021 assumes that the Business Combination occurred on March 31, 2021. The unaudited pro forma combined statements of operations for the twelve months ended March 31, 2021 present pro forma effect to the Business Combination as if it had been completed on April 1, 2020.

The unaudited pro forma combined financial information was derived from the following historical financial statements and the accompanying notes:

- the (a) historical unaudited financial statements of VGAC as of and for the three months ended March 31,2021, and (b) historical unaudited consolidated financial statements of VGAC for the nine months ended December 31, 2020, which were derived from the accounting records used to prepare the historical audited consolidated financial statements of VGAC as of and for the period from February 19, 2020 (Inception) through December 31, 2020 and,
- The historical audited consolidated financial statements of 23andMe as of and for the year ended March 31, 2021.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination.

The pro forma adjustments reflecting the consummation of the Business Combination are based on certain currently available information and certain assumptions and methodologies that 23andMe believes are reasonable under the circumstances. The unaudited pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. 23andMe believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the post-combination company. They should be read in conjunction with the historical financial statements and notes thereto of VGAC and 23andMe.

Note 3—Accounting Policies

As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align VGAC's and 23andMe's financial statement presentation, each as identified in Note 4 below. Following completion of the Business Combination, New 23andMe management will perform a comprehensive review of VGAC's and 23andMe's accounting policies. As a result of such review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of New 23andMe. Based on its initial analysis, 23andMe has not identified any presentation differences that would have a material impact on the unaudited pro forma combined financial information.

Note 4—Pro Forma Adjustments

The unaudited pro forma combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only.

The unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses." Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("Management's Adjustments"). New 23andMe has elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments in the following unaudited pro forma combined financial information.

VGAC and 23andMe have not had any historical relationship prior to the business combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the post-combination company filed consolidated income tax returns during the periods presented.

The pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma combined statements of operations are based upon the number of the post-combination company's shares outstanding, assuming the Business Combination occurred on April 1, 2020.

Transaction Accounting Adjustments to Unaudited Pro Forma Combined Balance Sheet

The adjustments included in the unaudited pro forma combined balance sheet as of March 31, 2021 are as follows:

(A) The reclassification of $508.7 million of cash held in the VGAC Trust Account that becomes available at Closing.

(B) The settlement of $17.8 million of VGAC's deferred underwriting fees payable.

(C) In connection with the signing of the Merger Agreement, VGAC entered into subscription agreements with certain investors (the "PIPE Investors"). Pursuant to the Subscription Agreements, the PIPE Investors agreed to subscribe for and purchase, and VGAC agreed to issue and sell to such investors 25.0 million shares of New 23andMe Class A Common Stock with par value of $0.01, resulting in gross proceeds of $250.0 million to be offset by the PIPE fee of $6.0 million. The costs related to the issuance of the PIPE Financing are adjusted against additional paid in capital.

(D) The settlement of approximately $42.7 million of transaction costs at close in connection with the merger, offset by $4.0 million in prepaid expenses and other current assets. Of the total, $29.8 million relates to equity issuance costs, and $12.9 million relates to advisory, legal, and other fees to be incurred which are adjusted primarily against additional paid in capital.

(E) The reclassification of VGAC Class A ordinary shares subject to possible redemption to permanent equity at $0.01 par value.

(F) The conversion of 23andMe redeemable convertible preferred stock into shares of 23andMe Class B Common Stock, which shares will be cancelled and converted into the right to receive shares of New 23andMe Class B Common Stock pursuant to the Share Conversion Ratio concurrent with the Closing.

(G) The conversion of 23andMe Class B Common Stock into the New 23andMe Class B Common Stock pursuant to the Share Conversion Ratio concurrent with the Closing.

(H) The recapitalization of VGAC Class A and Class B ordinary shares converted into 63,568,750 shares of New 23andMe Class A Common Stock.

(I) The cancellation and conversion of 23andMe Class A Common Stock into the right to receive shares of New 23andMe Class A Common Stock pursuant to the Share Conversion Ratio concurrent with the Closing.

(J) The reclassification of VGAC's historical accumulated deficit to additional paid in capital as part of the merger.

(K) The settlement of the VGAC's historical liabilities that will be settled at transaction close.

(L) The redemption of 16,667,061shares of VGAC Class A ordinary shares redeemed for $166.7 million allocated to common stock and additional paid-in capital, using a par value of $0.01 per share at a redemption price of approximately $10.00 per share.

Transaction Accounting Adjustments to Unaudited Pro Forma Combined Statements of Operations

The pro forma adjustments included in the unaudited pro forma combined statements of operations for the twelve months ended March 31, 2021 are as follows:

(AA) Represents pro forma adjustment to eliminate interest income and unrealized gains (loss) on marketable securities related to the trust account.

Note 5—Loss per Share

Represents the net loss per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination, assuming the shares were outstanding since April 1, 2020. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire periods presented.

The unaudited pro forma combined financial information for the year ended March 31, 2021 has been prepared based on the following information:

(in thousands, except share and per share data)	Year Ended March 31, 2021
Pro forma net loss	$ (209,098)
Weighted average shares outstanding of New 23andMe Class A Common Stock	92,655,484
Net loss per share (Basic and Diluted) attributable to 23andMe Class A Common Stockholders	$ (0.51)
Weighted average shares outstanding of New 23andMe Class B Common Stock	313,759,355
Net loss per share (Basic and Diluted) attributable to 23andMe Class B Common Stockholders	$ (0.51)

Following the Closing, the following outstanding shares of common stock equivalents were excluded from the computation of pro forma diluted net loss per share for all the periods and scenarios presented above because including them would have had an anti-dilutive effect:

VGAC warrants to purchase shares of 23andMe Class A Common Stock (1)	25,065,665
23andMe Class A Options that will convert into a right to purchase shares of New 23andMe Class A Common Stock(2)	7,898,294
23andMe Class B Options that will convert into a right to purchase shares of New 23andMe Class A Common Stock(2)	21,476,732
Total	54,440,691

(1) One whole warrant entitles the holder thereof to purchase one share of New 23andMe Class A Common Stock at a price of $11.50 per share. New 23andMe's warrants are anti-dilutive on a pro forma basis and have been excluded from the diluted number of New 23andMe's shares outstanding at Closing.

(2) All outstanding 23andMe options at Closing, whether vested or unvested, and whether for 23andMe Class A Common Stock or for 23andMe Class B Common Stock, will convert into options to purchase a number of shares of New 23andMe Class A Common Stock, determined in accordance with the Share Conversion Ratio.