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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

OR

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

For the transition period from _____ to _____.

Commission File Number: 001-39532

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

Delaware	**85-1763759**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2525 East North Carolina Highway 54 **Durham, NC**	**27713**
(Address of principal executive offices)	(Zip code)

(919) 313-9633
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**HUMA**	**The Nasdaq Stock Market LLC**
Redeemable Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of $11.50	**HUMAW**	**The Nasdaq Stock Market LLC**

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

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

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

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

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. o

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

As of August 3, 2023, 103,434,507 shares of common stock, par value $0.0001, were issued and outstanding.

Humacyte, Inc.
Quarterly Report on Form 10-Q
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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements that involve substantial risks and uncertainties. "Forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act") are statements that are not historical facts and involve a number of risks and uncertainties. These statements include, without limitation, statements regarding the financial position, business strategy and the plans and objectives of management for future operations. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used therein, words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "strive," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Such statements are based on the beliefs of, as well as assumptions made by and information currently available to, our management.

Forward-looking statements may include, for example, statements about:

- our plans and ability to execute product development, process development and preclinical development efforts successfully and on our anticipated timelines;
- our plans, anticipated timeline and ability to file an application for, and obtain marketing approval from, the U.S. Food and Drug Administration ("FDA") and other regulatory authorities, including the European Medicines Agency, for our bioengineered human acellular vessels ("HAVs") and other product candidates;
- our ability to design, initiate and successfully complete clinical trials and other studies for our product candidates and our plans and expectations regarding our ongoing or planned clinical trials, including for our ongoing V005 Phase 2/3 clinical trial and V007 Phase 3 clinical trial;
- the outcome of our ongoing discussions with the FDA concerning the design of our clinical trials;
- our anticipated growth rate and market opportunities;
- the potential liquidity and trading of our securities;
- our ability to raise additional capital in the future;
- our ability to use our proprietary scientific technology platform to build a pipeline of additional product candidates;
- the characteristics and performance of our HAVs;
- our plans and ability to commercialize our HAVs and other product candidates, if approved by regulatory authorities;
- the expected size of the target populations for our product candidates;
- the anticipated benefits of our HAVs relative to existing alternatives;
- our assessment of the competitive landscape;
- the degree of market acceptance of HAVs, if approved, and the availability of third-party coverage and reimbursement;
- our ability to manufacture HAVs and other product candidates in sufficient quantities to satisfy our clinical trial and commercial needs;
- our expectations regarding our strategic partnership with Fresenius Medical Care Holdings, Inc. ("Fresenius Medical Care") to sell, market and distribute our 6 millimeter HAV for certain specified indications and in specified markets;
- the performance of other third parties on which we rely, including our third-party manufacturers, our licensors, our suppliers and the organizations conducting our clinical trials;
- our ability to obtain and maintain intellectual property protection for our product candidates as well as our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others;

- our ability to maintain the confidentiality of our trade secrets, particularly with respect to our manufacturing process;
- our compliance with applicable laws and regulatory requirements, including FDA regulations, healthcare laws and regulations, and anti-corruption laws;
- our ability to attract, retain and motivate qualified personnel and to manage our growth effectively;
- our future financial performance and capital requirements;
- our ability to implement and maintain effective internal controls; and
- the impact of the overall global economy and increasing interest rates and inflation on our business.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. Any forward-looking statement is based on information current as of the date of this Quarterly Report and speaks only as of the date on which such statement is made. Actual events or results may differ materially from the results, plans, intentions or expectations anticipated in these forward-looking statements as a result of a variety of factors, many of which are beyond our control. More information on factors that could cause actual results to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the "SEC"), including, but not limited to, those described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2022, which we filed with the SEC on March 24, 2023. We disclaim any obligation, except as specifically required by law, to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Humacyte, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands except for share and per share amounts)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 114,604	$ 149,772
Prepaid expenses and other current assets	5,958	2,298
Short-term investments	—	2,107
Accounts receivable	—	31
Total current assets	120,562	154,208
Finance lease right-of-use assets, net	18,343	19,373
Operating lease right-of-use assets, net	658	682
Property and equipment, net	28,543	30,039
Total assets	**$ 168,106**	**$ 204,302**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,362	$ 1,595
Accrued expenses	6,571	7,108
Finance lease obligation, current portion	2,404	2,256
Operating lease obligation, current portion	51	50
SVB loan payable, current portion	—	8,571
Total current liabilities	11,388	19,580
Contingent Earnout Liability	38,457	27,893
Revenue interest liability	36,248	—
Finance lease obligation, net of current portion	17,614	18,853
Contingent derivative liability	2,392	—
Other long-term liabilities	890	712
SVB loan payable, net of current portion	—	20,336
Total liabilities	**106,989**	**87,374**
Commitments and contingencies (Note 11)		
Stockholders' equity		
Preferred stock, $0.0001 par value; 20,000,000 shares designated as of June 30, 2023 and December 31, 2022; 0 shares issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value; 250,000,000 shares authorized as of June 30, 2023 and December 31, 2022; 103,408,248 and 103,229,013 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	10	10
Additional paid-in capital	547,320	543,456
Accumulated deficit	(486,213)	(426,538)
Total stockholders' equity	61,117	116,928
Total liabilities and stockholders' equity	**$ 168,106**	**$ 204,302**

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

Humacyte, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(unaudited)
(in thousands except for share and per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Grant revenue	$ —	$ 1,301	$ —	$ 1,534
Operating expenses:				
Research and development	20,540	14,652	37,818	30,966
General and administrative	6,191	5,180	11,425	10,862
Total operating expenses	26,731	19,832	49,243	41,828
Loss from operations	**(26,731)**	**(18,531)**	**(49,243)**	**(40,294)**
Other income (expense), net:				
Interest income	1,479	301	2,954	332
Change in fair value of Contingent Earnout Liability	3,627	56,353	(10,564)	59,611
Employee retention credit	3,107	—	3,107	—
Loss on extinguishment of debt	(2,421)	—	(2,421)	—
Change in fair value of derivative liabilities	(57)	233	(99)	307
Interest expense	(1,710)	(1,488)	(3,409)	(2,920)
Total other income (expense), net	4,025	55,399	(10,432)	57,330
Net income (loss) and comprehensive income (loss)	**$ (22,706)**	**$ 36,868**	**$ (59,675)**	**$ 17,036**
Net income (loss) per share attributable to common stockholders, basic	$ (0.22)	$ 0.36	$ (0.58)	$ 0.17
Weighted-average shares outstanding used in computing net income (loss) per share attributable to common stockholders, basic	103,361,501	103,005,651	103,312,785	103,004,874
Net income (loss) per share attributable to common stockholders, diluted	$ (0.22)	$ 0.35	$ (0.58)	$ 0.16
Weighted-average shares outstanding used in computing net income (loss) per share attributable to common stockholders, diluted	103,361,501	103,908,440	103,312,785	103,923,138

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

Humacyte, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited)
(in thousands except for share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2022	**103,229,013**	**$ 10**	**$ 543,456**	**$ (426,538)**	**$ 116,928**
Proceeds from the exercise of stock options	100,158	—	119	—	119
Stock-based compensation	—	—	1,809	—	1,809
Net loss	—	—	—	(36,969)	(36,969)
Balance as of March 31, 2023	**103,329,171**	**$ 10**	**$ 545,384**	**$ (463,507)**	**$ 81,887**
Proceeds from the exercise of stock options	79,077	—	95	—	95
Stock-based compensation	—	—	1,841	—	1,841
Net loss	—	—	—	(22,706)	(22,706)
Balance as of June 30, 2023	**103,408,248**	**$ 10**	**$ 547,320**	**$ (486,213)**	**$ 61,117**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2021	**103,003,646**	**$ 10**	**$ 536,737**	**$ (414,573)**	**$ 122,174**
Proceeds from the exercise of stock options	926	—	1	—	1
Stock-based compensation	—	—	1,547	—	1,547
Net loss	—	—	—	(19,832)	(19,832)
Balance as of March 31, 2022	**103,004,572**	**$ 10**	**$ 538,285**	**$ (434,405)**	**$ 103,890**
Proceeds from the exercise of stock options	2,231	—	11	—	11
Stock-based compensation	—	—	1,491	—	1,491
Net income	—	—	—	36,868	36,868
Balance as of June 30, 2022	**103,006,803**	**$ 10**	**$ 539,787**	**$ (397,537)**	**$ 142,260**

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

Humacyte, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	For the Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities		
Net income (loss)	$ (59,675)	$ 17,036
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation expense	3,026	3,032
Stock-based compensation expense	3,650	3,038
Change in fair value of Contingent Earnout Liability	10,564	(59,611)
Loss on extinguishment of debt	2,421	—
Non-cash interest expense	737	—
Change in fair value of derivative liabilities	99	(307)
Loss on disposal of property and equipment	9	—
Amortization expense	1,030	1,029
Non-cash operating lease costs	24	22
Amortization of SVB debt discount	482	771
Changes in operating assets and liabilities:		
Accounts receivable	31	(1,125)
Prepaid expenses and other current assets	(3,660)	968
Accounts payable	766	374
Accrued expenses	(724)	(571)
Operating lease obligation	(24)	(22)
Net cash used in operating activities	(41,244)	(35,366)
Cash flows from investing activities		
Proceeds from maturity of short-term investments (certificates of deposit)	2,107	8,000
Purchase of property and equipment	(1,637)	(156)
Purchase of short-term investments (certificates of deposit)	—	(8,000)
Net cash provided by (used in) investing activities	470	(156)
Cash flows from financing activities		
Proceeds from revenue interest purchase agreement, net of issuance costs	39,377	—
Payments of transaction costs related to revenue interest purchase agreement	(1,164)	—
Principal payments on SVB loan	(31,500)	—
Payments for debt prepayment and extinguishment costs	(310)	—
Proceeds from the exercise of stock options	214	12
Proceeds from JDRF Agreement	80	—
Payments of finance lease principal	(1,091)	(957)
Net cash provided by (used in) financing activities	5,606	(945)
Net decrease in cash and cash equivalents	(35,168)	(36,467)
Cash and cash equivalents at the beginning of the period	149,772	217,502
Cash and cash equivalents at the end of the period	**$ 114,604**	**$ 181,035**
Supplemental disclosure:		
Cash paid for interest on SVB loan	$ 1,613	$ 1,165
Supplemental disclosure of noncash activities:		
Purchase of property and equipment in accounts payable and accrued expenses	$ 37	$ 90
Contingent derivative liability related to revenue interest liability	$ 2,354	$ —
Unpaid transaction costs related to revenue interest purchase agreement	$ 286	$ —

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

Humacyte, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Description of Business

Organization

Humacyte, Inc. and subsidiary (unless the context indicates otherwise, collectively, the "Company") is pioneering the development and manufacture of off-the-shelf, universally implantable, bioengineered human tissues, advanced tissue constructs and organ systems designed to improve the lives of patients and transform the practice of medicine. The Company is leveraging its regenerative medicine technology platform to develop proprietary product candidates for use in the treatment of diseases and conditions across a range of anatomic locations in multiple therapeutic areas.

On August 26, 2021 (the "Closing Date"), Alpha Healthcare Acquisition Corp. ("AHAC") consummated a merger pursuant to a Business Combination Agreement, dated as of February 17, 2021 (the "Merger Agreement"), by and among Humacyte, Inc., a Delaware corporation ("Legacy Humacyte"), AHAC and Hunter Merger Sub, Inc. ("Merger Sub"), a Delaware corporation and wholly owned subsidiary of AHAC. As contemplated by the Merger Agreement, Merger Sub merged with and into Legacy Humacyte, with Legacy Humacyte continuing as the surviving corporation and as a wholly-owned subsidiary of AHAC (such transactions, the "Merger," and, collectively with the other transactions described in the Merger Agreement, the "Reverse Recapitalization"). On the Closing Date, AHAC changed its name to Humacyte, Inc. ("New Humacyte") and Legacy Humacyte changed its name to Humacyte Global, Inc. ("Global"). The Merger was accounted for as a reverse recapitalization in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and under this method of accounting, AHAC was treated as the acquired company for financial reporting purposes and Legacy Humacyte was treated as the acquirer. Operations prior to the Merger are those of Legacy Humacyte.

Concurrently with the execution of the Merger Agreement, certain investors (the "PIPE Investors") purchased an aggregate of 17,500,000 shares of the Company's common stock, par value $0.0001 per share ("Common Stock" and such shares purchased by the PIPE Investors, the "PIPE Shares"), in a private placement for an aggregate purchase price of $175 million (the "PIPE Financing"). The Company received $242.4 million in proceeds from the Merger and related PIPE Financing, and incurred $3.9 million of transaction costs, consisting of banking, legal, and other professional fees.

Liquidity and Going Concern

Since its inception in 2004, the Company has generated no product revenue and has incurred operating losses and negative cash flows from operations in each year. To date, the Company has financed its operations primarily through the sale of equity securities and convertible debt, proceeds from the Reverse Recapitalization, borrowings under loan facilities, proceeds from a revenue interest purchase agreement and, to a lesser extent, through governmental and other grants. At June 30, 2023 and December 31, 2022, the Company had an accumulated deficit of $486.2 million and $426.5 million, respectively. The Company's operating losses were $49.2 million and $40.3 million for the six months ended June 30, 2023 and 2022, respectively. Net cash flows used in operating activities were $41.2 million and $35.4 million during the six months ended June 30, 2023 and 2022, respectively. Substantially all of the Company's operating losses resulted from costs incurred in connection with the Company's research and development programs and from general and administrative costs associated with the Company's operations. The Company expects to incur substantial operating losses and negative cash flows from operations for the foreseeable future as the Company advances its product candidates.

As of June 30, 2023, the Company had cash and cash equivalents of $114.6 million. The Company believes its cash and cash equivalents on hand will be sufficient to fund operations, including clinical trial expenses and capital expenditure requirements, for at least 12 months from the issuance date of these interim financial statements. Adequate capital may not be available to the Company when needed or on acceptable terms. If the Company is unable to raise capital, it could be forced to delay, reduce, suspend or cease its research and development programs or any future commercialization efforts, which would have a negative impact on its business, prospects, operating results and financial condition.

Humacyte, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company has prepared the accompanying financial statements in conformity with U.S. GAAP. The Company's condensed consolidated financial statements reflect the operations of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in the financial statements include stock-based compensation costs, right-of-use assets, accruals for research and development activities, contingent earnout liability, revenue interest liability, derivative liabilities, fair value of common stock warrants and income taxes. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Unaudited Interim Condensed Consolidated Financial Statements

The accompanying interim condensed consolidated financial statements and the related footnote disclosures are unaudited. These unaudited interim financial statements have been prepared on the same basis as the audited financial statements and, in management's opinion, include all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2023 and its results of operations for the three and six months ended June 30, 2023 and 2022, and cash flows for the six months ended June 30, 2023 and 2022. The results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the year ended December 31, 2023 or any other period. The December 31, 2022 year-end condensed consolidated balance sheet was derived from audited annual financial statements but does not include all disclosures from the annual financial statements.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and the related notes included in the Company's Annual Report on Form 10-K, filed with the SEC on March 24, 2023 (the "Annual Report"), which provides a more complete discussion of the Company's accounting policies and certain other information. Other than the policies noted below, there have been no significant changes to the significant accounting policies disclosed in Note 2 of the audited consolidated financial statements as of and for the years ended December 31, 2022 and 2021 included in the Company's Annual Report.

Reclassifications

Certain amounts from prior periods have been reclassified to conform to the current period's presentation. None of these reclassifications had a material impact on the Company's condensed consolidated financial statements.

Segments

The Company operates and manages its business as one reportable and operating segment. The Company is developing proprietary, bioengineered, acellular human tissues, advanced tissue constructs and organ systems that are designed to be used in the treatment of diseases and conditions across a range of anatomic locations in multiple therapeutic areas. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information on an aggregate basis for purposes of evaluating financial performance and allocating resources.

Humacyte, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and short-term investments consisting of certificates of deposit ("CDs"). As of June 30, 2023 and December 31, 2022, there were no material cash balances in excess of balances insured by the Federal Deposit Insurance Corporation ("FDIC"). As of both June 30, 2023 and December 31, 2022, the Company had cash equivalents in highly rated money market funds that are invested only in obligations of the U.S. government and its agencies.

As of December 31, 2022, the Company had approximately $10.1 million in CDs. These cash deposits were deposited at a bank that is a member of the Certificate of Deposit Account Registry Service ("CDARS"), in which large deposits are divided into smaller amounts and placed with other FDIC insured banks which are also members of the CDARS network. Those members issue CDs in amounts under $250,000, so that the entire deposit balance is eligible for FDIC insurance. As of December 31, 2022, the Company classified $8.0 million of its CDs as cash and cash equivalents and $2.1 million of its CDs as short-term investments on its condensed consolidated balance sheet. The Company did not have any CDs as of June 30, 2023.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provided refundable employee retention credits, which could be used to offset payroll tax liabilities. Under the provisions of the extension of the CARES Act, the Company qualified for the employee retention credit for the first three quarters of 2021, and the Company applied for the credit in February 2023. As there is no authoritative guidance under U.S. GAAP for accounting for grants to for-profit business entities, the Company accounted for the grant by applying Accounting Standards Codification ("ASC") 450, *Contingencies*. The Company recognized an employee retention credit receivable of $3.1 million as of June 30, 2023 in prepaid expenses and other current assets on the condensed consolidated balance sheet, after the Company received notices from the Internal Revenue Service specifying the amount of the credit receivable, and all uncertainties were resolved regarding receipt of the credit. The Company recognized the employee retention credit during the three and six months ended June 30, 2023 as a component of other income (expense), net on the condensed consolidated statement of operations and comprehensive income (loss).

Revenue Interest Liability

On May 12, 2023, Humacyte, Inc. and Global entered into a Revenue Interest Purchase Agreement (the "Purchase Agreement") with two purchasers, both affiliates of Oberland Capital Management LLC (the "Purchasers"), and another affiliate of Oberland Capital Management LLC, as agent for the Purchasers. The revenue interest liability associated with the Purchase Agreement is presented net of a debt discount comprised of issuance costs, transaction costs, the fair value of a freestanding option agreement related to the Purchase Agreement, and the fair value of embedded derivatives requiring bifurcation on the condensed consolidated balance sheets. The Company imputes interest expense associated with this liability using the effective interest rate method. The effective interest rate is calculated based on the rate that would enable the debt to be repaid in full over the anticipated life of the arrangement. The interest rate on the liability may vary during the term of the agreement depending on a number of factors, including the level and expected timing of forecasted net sales. If the level and timing of any forecasted net sales and related payments change, the Company will prospectively adjust the effective interest and the related amortization of the liability and related issuance costs on a quarterly basis.

Contingent Derivative Liability

The Purchase Agreement contains certain features that meet the definition of embedded derivatives requiring bifurcation as a separate compound financial instrument apart from the Revenue Interest Liability. The contingent derivative liability related to the Put Option, as defined in Note 6 — Revenue Interest Purchase Agreement, was initially measured at fair value upon issuance and is subject to remeasurement at each reporting period with changes in fair value recognized as other income (expense) in the condensed consolidated statements of operations and comprehensive income (loss), classified in change in fair value of derivative liabilities.

JDRF Award

On April 1, 2023, the Company entered into an Industry Discovery and Development Partnership Agreement with JDRF International ("JDRF," and such agreement, the "JDRF Agreement") to further develop and perform preclinical testing of the Biovascular Pancreas ("BVP"), a product candidate designed to deliver insulin-producing islets using the HAV as a means of treating patients with type 1 diabetes. According to the terms of the JDRF Agreement, JDRF will provide funding up to $0.8 million ("JDRF Award") based on the achievement of certain research and development milestones related to our BVP. The JDRF Agreement refers to the total cumulative payments the Company has received from JDRF as of any point in time as the "Actual Award."

The Company received the first milestone payment of $80 thousand in April 2023 upon execution of the JDRF Agreement. The Company determined that the JDRF Actual Award payments are to be classified as long-term debt under ASC 470, *Debt* in the condensed consolidated balance sheets. The JDRF liability related to the Actual Award payments is reported at amortized cost, and as of June 30, 2023 the carrying value is $59 thousand and is included in other long-term liabilities in the condensed consolidated balance sheet.

The derivative liability related to the Disposition Payment, as defined in Note 3, was initially measured at fair value upon issuance and is subject to remeasurement at each reporting period with changes in fair value recognized as other income (expense) in the condensed consolidated statements of operations and comprehensive income (loss), classified in change in fair value of derivative liabilities. See Note 3 — Fair Value Measurements for further information.

Net Income (Loss) per Share Attributable to Common Stockholders

Basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period without consideration of potentially dilutive Common Stock. Diluted net income (loss) per share attributable to common stockholders reflects the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised or converted into Common Stock or resulted in the issuance of Common Stock that then shared in the earnings of the Company unless inclusion of such shares would be anti-dilutive.

The following table presents the calculation of basic and diluted net income (loss) per share for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands, except share and per share amounts)	**2023**	**2022**	**2023**	**2022**
Numerator:				
Net income (loss) attributable to common shareholders	$ (22,706)	$ 36,868	$ (59,675)	$ 17,036
Denominator:				
Weighted-average common shares outstanding - basic	103,361,501	103,005,651	103,312,785	103,004,874
Dilutive effect of assumed conversion of options to purchase common stock	—	902,789	—	918,264
Weighted-average common shares outstanding - diluted	103,361,501	103,908,440	103,312,785	103,923,138
Net income (loss) attributable to common shareholders - basic	$ (0.22)	$ 0.36	$ (0.58)	$ 0.17
Net income (loss) attributable to common shareholders - diluted	$ (0.22)	$ 0.35	$ (0.58)	$ 0.16

Humacyte, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following potential shares of Common Stock were excluded from the computation of diluted net income (loss) per share for each period because including them would have had an antidilutive effect.

	Three and Six Months Ended June 30,	
	2023	2022
Exercise of options under stock plan	7,263,434	5,347,250
Warrants to purchase Common Stock	5,588,506	5,588,506

The 15,000,000 Contingent Earnout Shares, as defined in Note 8, are excluded from the anti-dilutive table for all periods presented, as such shares are contingently issuable until the share price of the Company exceeds specified thresholds that have not yet been achieved, or upon the occurrence of a change in control. The Option Agreement, as defined in Note 6 — Revenue Interest Purchase Agreement, is excluded from the anti-dilutive table for the three and six months ended June 30, 2023, based on the Company's assumption that the Option Agreement will not be exercised unless the Company's stock price exceeds $7.50 per share, the minimum purchase price under the Option Agreement.

Other Risks and Uncertainties

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including, but not limited to, successful discovery and development of its product candidates, the success of clinical trials and other studies for its product candidates, including for its ongoing V005 Phase 2/3 clinical trial and V007 Phase 3 clinical trial, the regulatory approval and commercialization of its HAVs and other product candidates, the expected size of the target populations for the Company's product candidates, the degree of market acceptance of the HAVs, if approved, the availability of third-party coverage and reimbursement, development by competitors of new technological innovations, the ability to manufacture HAVs and other product candidates in sufficient quantities, expectations regarding the Company's strategic partnerships, dependence on third parties, key personnel and the ability to attract and retain qualified employees, protection of proprietary technology and confidentiality of trade secrets, compliance with governmental regulations, the Company's implementation and maintenance of effective internal controls, and the ability to secure additional capital to fund operations and the commercial success of its product candidates.

Product candidates currently under development will require extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel, and infrastructure and extensive compliance-reporting capabilities. Even if the Company's commercialization efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales, and the Company may depend on certain strategic relationships to distribute its products, including the Company's strategic partnership with Fresenius Medical Care, to sell, market and distribute its 6 millimeter HAV for certain specified indications outside the United States.

Recently Adopted Accounting Pronouncements

The Company did not adopt any new standards or updates issued by the Financial Accounting Standards Board (the "FASB") during the six months ended June 30, 2023 that had a material impact on the Company's condensed consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements

The Company reviewed all recently issued accounting pronouncements through June 30, 2023 and concluded that they were not applicable or not expected to have a material impact on the Company's condensed consolidated financial statements and related disclosures.

3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurement and Disclosures*, establishes a hierarchy whereby inputs to valuation techniques used in measuring fair value are prioritized, or the fair value hierarchy. There are three levels to the fair value hierarchy based on reliability of inputs, as follows:

- Level 1 — Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, 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 in which little or no market data exists, therefore requiring the Company to develop its own assumptions.

The Company's money market funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. Certificates of deposit were carried at amortized cost in the Company's condensed consolidated balance sheets, which approximates their fair value based on Level 2 inputs. The carrying values of other receivables, accounts payable and accrued expenses as of June 30, 2023 and December 31, 2022 approximated their fair values due to the short-term nature of these items.

The Company evaluates assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them for each reporting period, utilizing valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The determination requires significant judgments to be made by the Company.

The Company's assets and liabilities that were measured at fair value on a recurring basis were as follows:

	Fair Value Measured as of June 30, 2023			
($ in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents (money market funds)	$ 114,279	$ —	$ —	$ 114,279
Total financial assets	$ 114,279	$ —	$ —	$ 114,279
Liabilities:				
Contingent Earnout Liability	$ —	$ —	$ 38,457	$ 38,457
Contingent derivative liability	—	—	2,392	2,392
Private Placement Warrants liability	—	—	158	158
Option Agreement liability	—	—	38	38
JDRF Agreement derivative liability	—	—	28	28
Total financial liabilities	$ —	$ —	$ 41,073	$ 41,073

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($ in thousands)	Fair Value Measured as of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents (money market funds)	$ 141,159	$ —	$ —	$ 141,159
Cash equivalents (certificates of deposit)	—	8,000	—	8,000
Short-term investments (certificates of deposit)	—	2,107	—	2,107
Total financial assets	$ 141,159	$ 10,107	$ —	$ 151,266
Liabilities:				
Contingent Earnout Liability	$ —	$ —	$ 27,893	$ 27,893
Private Placement Warrants liability	—	—	80	80
Total financial liabilities	$ —	$ —	$ 27,973	$ 27,973

The fair value of the Contingent Earnout Liability, Private Placement Warrants liability (as defined in Note 8 — Stockholders' Equity), Contingent derivative liability related to the Put Option (as defined in Note 6 — Revenue Interest Purchase Agreement and discussed below), Option Agreement liability (as defined in Note 6 — Revenue Interest Purchase Agreement), and the derivative liability associated with the JDRF Agreement Disposition Payment are based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy. The fair values of the Private Placement Warrants liability, the Option Agreement liability and the derivative liability associated with the JDRF Agreement Disposition Payment, are included in other long-term liabilities on the condensed consolidated balance sheets.

Contingent Earnout Liability

The following table presents a summary of the changes in the fair value of the Contingent Earnout Liability:

($ in thousands)	Contingent Earnout Liability			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Fair value as of beginning of period	$ (42,084)	$ (100,402)	$ (27,893)	$ (103,660)
Change in fair value included in other income (expense), net	3,627	56,353	(10,564)	59,611
Fair value as of end of period	$ (38,457)	$ (44,049)	$ (38,457)	$ (44,049)

In determining the fair value of the Contingent Earnout Liability, the Company used the Monte Carlo simulation value model using a distribution of potential outcomes on a monthly basis over a 10-year period prioritizing the most reliable information available. The assumptions utilized in the calculation were based on the achievement of certain stock price milestones, including the current Common Stock price, expected volatility, risk-free rate, expected term and expected dividend yield (see Note 8 — Stockholders' Equity). Contingent earnout payments involve certain assumptions requiring significant judgment and actual results can differ from assumed and estimated amounts.

Private Placement Warrants Liability

The following table presents a summary of the changes in the fair value of the Private Placement Warrants liability:

	Private Placement Warrants			
	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2023	2022	2023	2022
Fair value as of beginning of period	$ (122)	$ (423)	$ (80)	$ (497)
Change in fair value included in other income (expense), net	(36)	233	(78)	307
Fair value as of end of period	$ (158)	$ (190)	$ (158)	$ (190)

In determining the fair value of the Private Placement Warrants liability, the Company used the Monte Carlo simulation valuation model to estimate the fair value utilizing assumptions including the current Company stock price, expected volatility, risk-free rate, expected term and expected dividend yield (see Note 8 — Stockholders' Equity).

Derivative liabilities

Contingent derivative liability

The debt pursuant to the Purchase Agreement contains an embedded derivative related to the Put Option, as defined in Note 6, requiring bifurcation as a single compound derivative instrument. The Company estimated the fair value of the derivative liability using a "with-and-without" methodology. The "with-and-without" methodology involves valuing the whole instrument on an as-is basis and then valuing the instrument without the individual embedded derivative. The difference between the entire instrument with the embedded derivative compared to the instrument without the embedded derivative was the fair value of the derivative liability at May 12, 2023 and June 30, 2023. In determining the fair value of the contingent derivative liability, the Company used the Monte Carlo simulation value model using a distribution of potential outcomes on a monthly basis over a 10-year period. The estimated probability and timing of underlying events triggering the exercisability of the put option contained within the Purchase Agreement, forecasted cash flows and the discount rates are significant unobservable inputs used to determine the estimated fair value of the entire instrument with the embedded derivative. As of both May 12, 2023 and June 30, 2023, the discount rates used to calculate the value of the contingent derivative liability were 12.7% to calculate the present-value of the revenue forecast and 12.1% to calculate the present-value of the payoff of the Put Option.

The following table presents a summary of the changes in the fair value of the contingent derivative liability, which is classified as a Level 3 financial instrument.

($ in thousands)	Three and Six Months Ended June 30, 2023
Fair value as of beginning of period	$ —
Initial fair value of contingent derivative liability	(2,354)
Change in fair value included in other income (expense), net	(38)
Fair value as of end of period	$ (2,392)

JDRF derivative liability

In the event of a license, sale or transfer of the Company's rights to the product's technology identified in the JDRF Agreement or a change of control transaction, the Company is obligated to pay JDRF a payment equal to 10% of any license or purchase price payments received by the Company up to an amount equal to four times the Actual Award (the "Royalty Cap"), less any previous royalty payments paid towards the Royalty Cap (the "Disposition Payment").

The Disposition Payment was determined to meet the definition of an embedded derivative requiring bifurcation. The Company estimated the fair value of the Disposition Payment by performing an analysis of the Disposition Payment under different scenarios, based on the Actual Award of $80 thousand as of June 30, 2023 and a Royalty Cap of $320 thousand. The estimated probability and timing of a change in control event triggering the Disposition Payment and the discount rates are significant unobservable inputs used to determine the estimated fair value of the Disposition Payment. As of June 30, 2023, the discount rate used to calculate the value of the Disposition Payment is 19.4%. The Company assessed the fair value of the Disposition Payment at $28 thousand as of June 30, 2023, which is classified as a component of other long-term liabilities on the condensed consolidated balance sheet.

4. Property and Equipment, Net

Property and equipment, net consist of the following:

($ in thousands)	June 30, 2023	December 31, 2022
Scientific and manufacturing equipment	$ 28,107	$ 27,821
Computer equipment	125	167
Software	506	209
Furniture and fixtures	970	988
Leasehold improvements	26,351	26,355
Construction in progress	1,417	680
	57,476	56,220
Accumulated depreciation	(28,933)	(26,181)
Property and equipment, net	$ 28,543	$ 30,039

Depreciation expense totaled $1.5 million and $3.0 million for both the three and six months ended June 30, 2023 and 2022, respectively. All long-lived assets are maintained in the United States.

5. Accrued Expenses

Accrued expenses consisted of the following:

($ in thousands)	June 30, 2023	December 31, 2022
Accrued external research, development and manufacturing costs	$ 2,230	$ 2,437
Accrued employee compensation and benefits	3,656	4,227
Accrued professional fees	685	444
Total	$ 6,571	$ 7,108

6. Revenue Interest Purchase Agreement

Revenue Interest Purchase Agreement

On May 12, 2023, Humacyte, Inc. and Global entered into the Purchase Agreement with the Purchasers and another affiliate of Oberland Capital Management LLC, as agent for the Purchasers, to obtain financing with respect to the further development and commercialization of the Company's HAV, to repay the Company's credit facility with SVB, and for other general corporate purposes. Pursuant to the Purchase Agreement, on May 12, 2023, the Purchasers purchased certain revenue interests (the "Revenue Interests") from Global in exchange for an aggregate investment amount of up to $150.0 million (the "Investment Amount"). On May 12, 2023, the Company received an initial payment of $40.0 million, less certain transaction expenses, which was used to repay in full the Company's existing obligations under the Loan Agreement with SVB. The Company will also be entitled to receive up to approximately $110.0 million in subsequent installments subject to the terms and conditions set forth in the Purchase Agreement, as follows: (i) $20.0 million upon the Company's biologics license application ("BLA") for an indication in vascular trauma being accepted on or prior to March 31, 2024, (ii) $40.0 million, at the Company's option, upon the Company receiving FDA approval of the HAV for the vascular trauma indication on or prior to December 31, 2024 and (iii) $50.0 million, at the Company's option, upon reaching $35.0 million trailing worldwide three-month net sales any time prior to December 31, 2025. Each tranche is dependent on the satisfaction of the conditions and receipt of funds from the previous tranche.

Pursuant to the Purchase Agreement, the Revenue Interests entitle the Purchasers to receive a royalty initially equal to 7.5% (the "Rate") of global net sales of the Company's products (subject to a lower rate for net sales by specified licensees outside the United States), to be paid on a calendar quarterly basis (the "Revenue Interest Payments").

If the Purchasers do not receive cumulative Revenue Interest Payments equal to 100% of the amount funded to date (the "Cumulative Purchaser Payments") by the last business day of 2028 (the "Test Date"), the Rate will increase to a rate that, had such increased rate applied during the period from May 12, 2023 through the Test Date, would have provided the Purchasers with cumulative Revenue Interest Payments equal to the Cumulative Purchaser Payments as of the Test Date. Additionally, Global will be required to pay the Purchasers an amount equal to 100% of the Cumulative Purchaser Payments as of the Test Date less the total Revenue Interest Payments made by Global to the Purchasers under the Purchase Agreement as of the Test Date. Global's obligation to make Revenue Interest Payments terminates on the date on which the Purchasers have received Revenue Interest Payments of 150% of the Cumulative Purchaser Payments unless the Purchase Agreement is terminated earlier due to the Purchaser's exercise of a Put Option, the Company's exercise of a call option, or by mutual consent. However, if the Purchasers have not received such Revenue Interest Payments as of such date, the Purchase Agreement will instead terminate on the date on which the Purchasers receive Revenue Interest Payments of 195% of the Cumulative Purchaser Payments.

Under the Purchase Agreement, Global has an option (the "Call Option") to repurchase the Revenue Interests and terminate the Purchase Agreement at any time upon advance written notice. Additionally, the Purchasers have an option (the "Put Option") to terminate the Purchase Agreement and to require Global to repurchase the Revenue Interests upon enumerated events such as a bankruptcy event, an uncured material breach, a material adverse effect or a change of control. If the Put Option is exercised prior to August 12, 2024 by the Purchasers (except pursuant to a change of control), the required repurchase price will be 125% of the Cumulative Purchaser Payments (minus the aggregate Revenue Interest payments Global has made to the Purchasers as of such date). If (i) the Put Option is exercised on or prior to August 12, 2024 by the Purchasers after the occurrence of a change of control, (ii) the Put Option is exercised after August 12, 2024 until May 12, 2026, or (iii) the Call Option is exercised on or prior to May 12, 2026, then in each case, the required repurchase price will be 175% of the Cumulative Purchaser Payments (minus the aggregate Revenue Interest Payments Global has made to the Purchasers as of such date). If a Put Option or Call Option is exercised after May 12, 2026, the required repurchase price will be 195% of the Cumulative Purchaser Payments (minus the aggregate Revenue Interest Payments Global has made to the Purchasers as of such date).

The Purchase Agreement contains customary representations and warranties and affirmative covenants for transactions of this type, including, among others, the provision of financial and other information to the Purchaser, notice to the Purchaser upon the occurrence of certain material events, and compliance with applicable laws. The Purchase Agreement also contains customary negative covenants, including certain restrictions on the ability to incur indebtedness and grant liens or security interests on assets. As of June 30, 2023, the Company was in compliance with all covenants.

The Company has provided a parent company guaranty to guarantee the payment in full of the obligations under the Purchase Agreement. The Company's obligations under the parent company guaranty and Global's obligations under the Purchase Agreement and the Revenue Interests are secured by a perfected security interest on substantially all of the Company's and Global's assets.

The Purchase Agreement is considered a sale of future revenues and accounted for as long-term debt recorded at amortized cost using the effective interest rate method.

As of June 30, 2023, $36.2 million was recorded as a revenue interest liability on the accompanying condensed consolidated balance sheets (net of transaction costs, the fair value allocated to the Option Agreement and the fair value of the bifurcated contingent derivative liability). The revenue interest liability is based on the Company's contractual repayment obligation to the Purchasers, based on the current estimates of future revenues, over the life of the Purchase Agreement. The Company imputes interest expense associated with this liability using the effective interest rate method. The effective interest rate is calculated based on the rate that would enable the debt to be repaid in full over the anticipated life of the arrangement. The interest rate on this liability may vary during the term of the agreement depending on a number of factors, including the level and expected timing of forecasted net sales. The estimated effective annual interest rate as of June 30, 2023 was 15.3%. The Company will evaluate the interest rate quarterly based on its current net sales forecasts. If the level and timing of any forecasted net sales and related payments change, the Company will prospectively adjust the effective interest and the related amortization of the liability and related issuance costs. The Company recorded $0.7 million in interest expense related to the Purchase Agreement for the three and six months ended June 30, 2023.

The Put Option under the Purchase Agreement that is exercisable by the Purchasers upon certain contingent events was determined to be an embedded derivative requiring bifurcation and separately accounted for as a single compound derivative instrument. The Company recorded the initial fair value of the derivative liability of $2.4 million as a debt discount, which will be amortized to interest expense over the expected term of the debt using the effective interest method. See Note 3 — Fair Value Measurements for a further discussion of the fair value of the contingent derivative liability associated with the Put Option.

As of June 30, 2023, the Company had incurred $2.1 million of issuance and transaction costs in connection with the Purchase Agreement, which were capitalized to debt discount and are being amortized to interest expense over the estimated term of the debt.

Revenue Interest Payments made as a result of the Company's net product sales will reduce the revenue interest liability. During the three and six months ended June 30, 2023, the Company did not record any product sales revenue.

The following table summarizes the revenue interest liability activity during the three and six months ended June 30, 2023:

($ in thousands)	
Revenue interest liability at inception	$ —
Proceeds from revenue interest purchase agreement, gross	40,000
Less issuance costs	(623)
Proceeds from revenue interest purchase agreement, net	39,377
Transaction costs paid	(1,164)
Debt discount from embedded contingent derivative liability	(2,354)
Debt discount from fair value of Option Agreement	(55)
Interest expense recognized	730
Transaction costs accrued at June 30, 2023	(286)
Revenue interest liability at June 30, 2023	$ 36,248

Option Agreement

In connection with the Purchase Agreement, the Company also entered into an option agreement with TPC Investments III LP and TPC Investment Solutions LP (the "Option Agreement"), which gives TPC Investments III LP and TPC Investment Solutions LP (the "Holders") the right to purchase, in the aggregate, up to $10.0 million worth of shares of common stock of the Company (the "Option") at a purchase price per share equal to the greater of $7.50, or the 15 day volume-weighted average price as of the exercise date, exercisable in cash only at any time prior to the earlier of (i) December 31, 2026 and (ii) the closing date of a corporate reorganization. The Holders also received certain registration rights relating to the shares underlying the Option pursuant to the Option Agreement.

The Option granted to the Holders represents a freestanding instrument separate from the purchaser commitments outlined in the Purchase Agreement. The Option Agreement does not qualify for the equity contract scope exception under ASC 815-40 and the Company recorded the Option as a liability ("Option Agreement liability") on the condensed consolidated balance sheet at an initial fair value of $55 thousand, with subsequent changes in the fair value recognized in the condensed consolidated statements of operations and comprehensive income (loss) at each reporting date.

7. Debt

Pursuant to the Purchase Agreement, on May 12, 2023, $40.0 million, less certain transaction expenses, was funded to the Company, which was used to repay in full the Company's existing obligations under its term loan agreement with Silicon Valley Bank ("SVB") and SVB Innovation Credit Fund VIII, L.P., entered into on March 30, 2021, as amended in June 2021 and September 2021 (the "Loan Agreement").

The Loan Agreement provided a term loan facility of up to $50.0 million with a maturity date of March 1, 2025. On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, and the Federal Deposit Insurance Corporation (the "FDIC") was appointed as receiver. On March 13, 2023, the FDIC announced that all of SVB's deposits and substantially all of its assets had been transferred to a newly created, full-service, FDIC-operated bridge bank, Silicon Valley Bridge Bank, N.A. ("SVBB"). SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC, including the Loan Agreement.

The Company's obligations under the Loan Agreement were secured by substantially all of its assets except for its intellectual property. The Loan Agreement provided that the term loans were distributed in tranches. The initial term loan tranche of $20.0 million was drawn on March 31, 2021, and on October 13, 2021, the Company borrowed an additional $10.0 million under the Loan Agreement. Borrowings under the Loan Agreement were accounted for net of issuance costs which were accreted to interest expense over the term of the loan using the effective interest method.

Borrowings bore interest at the greater of 7.5% or the Wall Street Journal Prime Rate plus 4.25%. Interest only payments on the principal amount outstanding were due monthly beginning in the first month after the loan was dispersed. The term loans could only be prepaid in full, and such prepayment required 30 days' advance notice and was subject initially to a prepayment fee of 3.00% that was decreased to 2.00% after March 30, 2022 (with a further decrease to 1.00% after March 30, 2023).

In connection with the Loan Agreement, the Company granted warrants to the lenders to purchase shares of Common Stock at an exercise price of $10.28 per share, of which 287,704 warrants were immediately exercisable. The warrants are classified within stockholders' equity, as the settlement of the warrants is indexed to the Common Stock. The Company recognized the fair value of the warrants immediately exercisable within stockholders' equity using a Black-Scholes valuation model at issuance.

At issuance, the Company initially determined that the funding of an additional tranche was not probable, and therefore no value was ascribed to the remaining 123,302 warrants that were only exercisable upon the funding of the first additional tranche. As a result of the Company's additional $10.0 million borrowings under the Loan Agreement on October 13, 2021, the warrants to purchase the additional 123,302 shares of Common Stock became exercisable at an exercise price of $10.28 per share and the value of the warrants was recorded as of that date. The additional warrants are classified within stockholders' equity using a Black-Scholes valuation model, as the settlement of the warrants is indexed to the Common Stock.

The fair value of warrants ($3.3 million), a 5% final payment fee ($1.5 million) and debt issuance costs ($0.3 million) were being accreted to interest expense over the term of the loan using the effective interest method.

In connection with the termination of the Loan Agreement, the Company paid a prepayment premium of $0.3 million and recorded a loss on extinguishment of debt of $2.4 million during the three and six months ended June 30, 2023 in other income (expense) in the condensed consolidated statements of operations and comprehensive income (loss). The loss on extinguishment of debt consists of the prepayment premium, the unamortized debt discount and issuance costs and the unaccreted final payment fee.

8. Stockholders' Equity

Common Stock

On August 26, 2021, the Merger and related PIPE Financing was consummated and the Company issued 27,346,449 shares of Common Stock for proceeds of $242.4 million. The Company incurred $3.9 million of transaction costs, consisting of banking, legal, and other professional fees. Legacy Humacyte assumed $15.2 million of liabilities, including PIPE Financing fees and legal fees, and $0.1 million of assets from AHAC. Immediately following the Merger, there were 103,003,384 shares of Common Stock outstanding with a par value of $0.0001 per share.

As of June 30, 2023, the Company's Second Amended and Restated Certificate of Incorporation authorized the Company to issue 250,000,000 shares of Common Stock. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares then outstanding or reserved for issuance) by the affirmative vote of the holders of a majority of the capital stock of the Company entitled to vote and may require a separate class vote of the Common Stock.

The holders of Common Stock are entitled to receive dividends from time to time as may be declared by the Company's board of directors. Through June 30, 2023, no dividends have been declared.

The holders of Common Stock are entitled to one vote for each share held with respect to all matters voted on by the common stockholders of the Company.

In the event of a reorganization of the Company, after payment to any preferred stockholders of their liquidation preferences, holders of Common Stock are entitled to share ratably in all remaining assets of the Company.

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As of June 30, 2023, the Company had reserved Common Stock for future issuances as follows:

	June 30, 2023
Common stock reserved for Contingent Earnout Shares	15,000,000
Common stock reserved for Option Agreement	1,333,334 [1]
Exercise of options outstanding under stock plans	7,263,434
Options available for issuance under stock plans	6,461,700
Shares available for grant under ESPP	1,030,033
Warrants to purchase Common Stock	5,588,506
	36,677,007

(1) Assumes the exercise of the entire Option as provided for in the Option Agreement at the minimum purchase price of $7.50 per share.

Preferred Stock

The Company's Second Amended and Restated Certificate of Incorporation provides the Company's board of directors with the authority to issue preferred stock, par value $0.0001 per share, in one more series and to establish from time to time the number of shares to be included in each such series, by adopting a resolution and filing a certification of designations. Voting powers, designations, powers, preferences and relative, participating, optional, special and other rights shall be stated and expressed in such resolutions. There were 20,000,000 shares designated as preferred stock and none were outstanding as of June 30, 2023 and December 31, 2022.

Warrants

The Company had the following Common Stock warrants outstanding as of June 30, 2023 and December 31, 2022:

	Common Stock Warrants Outstanding
Legacy Humacyte Common Stock Warrants	411,006
Private Placement Warrants	177,500
Public Warrants	5,000,000
Total Common Stock Warrants	5,588,506

See Note 7 — Debt for a discussion of Common Stock warrants issued in conjunction with the Company's Loan Agreement in 2021 (such warrants, "Legacy Humacyte Common Stock Warrants"). There were no issuances, exercises or expirations of warrants during the six months ended June 30, 2023 or June 30, 2022.

In connection with the Merger, the Company assumed 5,000,000 publicly-traded warrants ("Public Warrants") and 177,500 private placement warrants issued to AHAC Sponsor LLC (the "Sponsor"), Oppenheimer & Co. Inc. and Northland Securities, Inc., in connection with AHAC's initial public offering ("Private Placement Warrants" and, together with the Public Warrants, the "Common Stock Warrants"). The Common Stock Warrants entitle the holder to purchase one share of Common Stock at an exercise price of $11.50 per share. The Company evaluated the Common Stock Warrants to determine the appropriate financial statement classification upon the consummation of the Merger. The Common Stock Warrants are not mandatorily redeemable and are considered to be freestanding instruments as they are separately exercisable into common shares. As such, the Common Stock Warrants were not classified as liabilities under FASB ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480"). The Company then evaluated the Common Stock Warrants under FASB ASC Topic 815, *Derivatives and Hedging*.

Public Warrants

The Public Warrants are publicly traded and are exercisable for cash unless certain conditions occur, such as the failure to have an effective registration statement related to the shares issuable upon exercise or redemption by the Company under certain conditions, at which time the Public Warrants may be eligible for a cashless exercise. The Public Warrants may only be exercised for a whole number of shares and will expire five years after the completion of the Merger. The Public Warrants became exercisable 30 days after the completion of the Merger.

The Public Warrants are considered to be "indexed to the Company's own stock". The agreement provides that in the event of a tender or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of the Company's Common Stock, all holders of the Common Stock Warrants (both the Public Warrants and the Private Placement Warrants) would be entitled to receive cash for all of their Common Stock Warrants. As the Company has a single class of Common Stock, a qualifying cash tender offer of more than 50% of the Company's Common Stock will always result in a change in control and would not preclude permanent equity classification of the Public Warrants. Based on this evaluation, the Company concluded that the Public Warrants meet the criteria to be classified within stockholders' equity. The Public Warrants were initially recognized as equity on the Closing Date at a fair value of $2.80 per share.

Private Placement Warrants

The Private Placement Warrants are non-redeemable for cash so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The agreement governing the Common Stock Warrants includes a provision, the application of which could result in a different settlement value for the Private Placement Warrants depending on their holder. Because the holder of an instrument is not an input into the pricing of a fixed-for-fixed option on the Common Stock, the Private Placement Warrants are not considered to be "indexed to the Company's own stock" and therefore are not classified in stockholders' equity. As the Private Placement Warrants meet the definition of a derivative, the Company recorded these warrants as liabilities on the condensed consolidated balance sheet at fair value, with subsequent changes in their respective fair values recognized in the condensed consolidated statements of operations and comprehensive income (loss) at each reporting date.

The Private Placement Warrants were initially recognized as a liability on the Closing Date, at a fair value of $0.6 million and the estimated fair value of the Private Placement Warrants at December 31, 2022 was $0.1 million. See Note 3 — Fair Value Measurements for a summary of the change in the fair value of the Private Placement Warrants during the three and six months ended June 30, 2023 and 2022. The remeasurement of the Private Placement Warrant liability to a fair value of $0.2 million as of June 30, 2023 resulted in non-cash losses of less than $0.1 million and $0.1 million for the three and six months ended June 30, 2023, respectively, compared to non-cash gains of $0.2 million and $0.3 million for the three and six months ended June 30, 2022. The remeasurement of the Private Placement Warrant liability is classified within Change in fair value of derivative liabilities in the condensed consolidated statements of operations and comprehensive income (loss).

The Private Placement Warrants were valued using the following assumptions under the Monte Carlo simulation value model:

	June 30, 2023	December 31, 2022
Market price of public stock	$ 2.86	$ 2.11
Exercise price	$ 11.50	$ 11.50
Expected term (years)	3.16	3.65
Expected share price volatility	90.5 %	78.3 %
Risk-free interest rate	4.46 %	4.14 %
Estimated dividend yield	0 %	0 %

Contingent Earnout Liability

Following the closing of the Merger (the "Closing"), former holders of Legacy Humacyte common and preferred shares are eligible to receive up to 15,000,000 additional shares of Common Stock (the "Contingent Earnout Shares") in the aggregate, in two equal tranches of 7,500,000 shares of Common Stock per tranche. The first and second tranches are issuable if the closing volume weighted average price ("VWAP") per share of Common Stock quoted on The Nasdaq Stock Market LLC ("Nasdaq") (or the exchange on which the shares of Common Stock are then listed), is greater or equal to $15.00 and $20.00, respectively, over any 20 trading days within any 30 consecutive trading day period.

Upon the Closing, the contingent obligation to issue Contingent Earnout Shares was accounted for as a liability because the triggering events that determine the number of Contingent Earnout Shares required to be issued include events that are not solely indexed to the Common Stock. The Contingent Earnout Shares are subsequently remeasured at each reporting date with changes in fair value recorded as a component of other (expense) income, net in the condensed consolidated statements of operations and comprehensive income (loss). The estimated fair value of the total Contingent Earnout Shares at the Closing on August 26, 2021 was $159.4 million based on a Monte Carlo simulation valuation model using a distribution of potential outcomes on a monthly basis over a 10-year period using the most reliable information available. The estimated fair value of the total Contingent Earnout Shares at December 31, 2022 was $27.9 million.

See Note 3 — Fair Value Measurements for a summary of the change in the fair value of the Contingent Earnout Liability during the three and six months ended June 30, 2023 and 2022. The remeasurement of the Contingent Earnout Liability to a fair value of $38.5 million as of June 30, 2023 resulted in a non-cash gain of $3.6 million, and a non-cash loss of $10.6 million for the three and six months ended June 30, 2023, respectively, compared to non-cash gains of $56.4 million and $59.6 million for the three and six months ended June 30, 2022, respectively. The remeasurement of the Contingent Earnout Liability is classified within Change in fair value of Contingent Earnout Liability in the condensed consolidated statements of operations and comprehensive loss. The assumptions utilized in the calculations of fair value were based on the achievement of certain stock price milestones, including the current Common Stock price, expected volatility, risk-free rate, expected term and expected dividend yield.

Assumptions used in the valuations are described below:

	June 30, 2023	December 31, 2022
Current stock price	$ 2.86	$ 2.11
Expected share price volatility	87.9 %	89.0 %
Risk-free interest rate	3.81 %	3.88 %
Estimated dividend yield	0 %	0 %
Expected term (years)	10.00	10.00

9. Stock-based Compensation

At Closing, the 2021 Long-Term Incentive Plan, (the "2021 Plan"), and the 2021 Employee Stock Purchase Plan, (the "ESPP"), became effective. As of June 30, 2023, 6,461,700 and 1,030,033 shares of Common Stock were available under the 2021 Plan and ESPP, respectively. The 2021 Plan and ESPP provide that on January 1 of each year commencing January 1, 2022, the 2021 Plan and the ESPP reserve will automatically increase in an amount equal to the lesser of (a) 5% and 1%, respectively, of the number of shares of the Company's Common Stock outstanding on December 31 of the preceding year and (b) a number of shares of Common Stock determined by the Company's board of directors. In both December 2021 and 2022, the Company's board of directors determined that there would be no automatic increase in the number of shares reserved under the 2021 Plan or the ESPP on either January 1, 2022 or January 1, 2023.

Under the 2021 Plan, the Company can grant non-statutory stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, performance awards and other forms of awards. Under the ESPP, when and if implemented, eligible employees will be permitted to purchase shares of the Company's Common Stock at the lower of 85% of the closing trading price per share of the Company's Common Stock on the first day of the offering or 85% of the closing trading price per share on the exercise date, which will occur on the last day of each offering.

Prior to the Closing, Legacy Humacyte had two equity incentive plans, the 2015 Omnibus Incentive Plan, as amended (the "2015 Plan"), and the 2005 Stock Option Plan (the "2005 Plan"). As a result of the Merger, no further awards may be granted under either the 2015 Plan or the 2005 Plan. All awards previously granted and outstanding as of the effective date of the Merger were adjusted to reflect the impact of the Merger as set forth in the Merger Agreement, but otherwise remain in effect pursuant to their original terms. The shares underlying any award granted under the 2021 Plan or the 2015 Plan that are forfeited, cancelled or reacquired by the Company prior to vesting, that expire or that are paid out in cash rather than shares will become available for grant and issuance under the 2021 Plan. As of June 30, 2023, 3,363,101, 3,594,943 and 305,390 shares of Common Stock remain reserved for outstanding options issued under the 2021 Plan, the 2015 Plan and the 2005 Plan, respectively.

The Company's stock option plans allow for the grant of awards that the Company believes aid in aligning the interests of award recipients with those of its stockholders. The Company's board of directors or compensation committee determines the specific terms of equity incentive grants, including the exercise price per share and vesting period for option awards. Option awards are granted with an exercise price equal to the fair market value of the Company's Common Stock at the date of grant.

The Company has granted options that include either a service-based or performance-based vesting condition, or both, and a 10-year contractual term. The service-based vesting condition for the plans is generally satisfied over 36 to 48 months from the date of grant. The performance-based vesting conditions are satisfied upon the attainment of certain product development milestones. The Company recognizes stock-based compensation expense based on the grant date fair value of the awards measured using the Black-Scholes option pricing model. Compensation expense related to awards with service-based vesting conditions is recognized on a straight-line basis over the requisite service period. Option valuation models, including the Black-Scholes option-pricing model, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant-date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, the expected term of the award, and the fair value of the underlying Common Stock on the date of grant. Forfeitures are accounted for as they occur.

Compensation expense related to awards with performance-based vesting conditions is recognized over the requisite service period using the accelerated attribution method to the extent achievement of the performance-based condition is probable. The Company does not recognize compensation expense related to awards with performance-based vesting conditions until it is probable that the performance-based vesting condition will be achieved. Forfeitures are accounted for as they occur.

Option awards under the Company's option plans generally provide for accelerated vesting of the unvested portions of any option award in the event of an involuntary termination, as such term is defined in the relevant stock option agreement, of a grantee's employment during the period that commences 30 days prior to the effective date of a corporate transaction and that ends 12 months following the effective date of such transaction. Additionally, the Company's board of directors may, in its sole discretion, accelerate the vesting of any unvested stock options in the event of a corporate transaction.

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The Company estimated the fair value of the stock options on the date of grant using the following weighted average assumptions in the Black-Scholes option-pricing model:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Estimated dividend yield	0 %	0 %	0 %	0 %
Expected share price volatility	88.9% (88.8% to 88.9%)	93.9% (89.0% to 99.8%)	88.8% (88.6% to 88.9%)	95.5% (89.0% to 100.0%)
Risk-free interest rate	3.86% (3.86% to 3.87%)	2.86% (2.53% to 3.23%)	3.78% (3.58% to 3.87%)	2.61% (1.89% to 3.23%)
Expected term of options (in years)	6.25	6.25	6.25	6.25

- *Fair Value of Common Stock.* The fair value of the Common Stock has been determined based on the closing price of the shares on Nasdaq.
- *Expected Term.* The expected term represents the period that stock options are expected to be outstanding. The Company calculated the expected term using the simplified method for options, which is available where there is insufficient historical data about exercise patterns and post-vesting employment termination behavior. The simplified method is based on the vesting period and the contractual term for each grant, or for each vesting-tranche for awards with graded vesting. The mid-point between the vesting date and the maximum contractual expiration date is used as the expected term under this method. For awards with multiple vesting-tranches, the times from grant until the mid-points for each of the tranches may be averaged to provide an overall expected term.
- *Expected Volatility.* The expected volatility was determined based on a blended approach using the historical share volatility of the Company's Common Stock and that of several publicly traded peer companies over a period of time equal to the expected term of the options, as the Company has a limited trading history. For purposes of identifying these peer companies, the Company considered the industry, stage of development, size and financial leverage of potential comparable companies.
- *Risk-Free Interest Rate.* The risk-free interest rate was based on the yields of U.S. Treasury zero-coupon securities with maturities similar in duration to the expected term of the options.
- *Expected Dividend Yield.* The Company has not paid dividends on its Common Stock nor does it expect to pay dividends in the foreseeable future. Accordingly, the Company has estimated the dividend yield to be zero.

At June 30, 2023, there were 6,461,700 options remaining available for grant under the 2021 Plan. The Company has sufficient authorized and unissued shares to issue Common Stock in satisfaction of any awards available for grant under the 2021 Plan.

The following table shows a summary of stock-based compensation expense included in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2023**	**2022**	**2023**	**2022**
Research and development	$ 480	$ 185	$ 901	$ 466
General and administrative	1,361	1,306	2,749	2,572
Total	$ 1,841	$ 1,491	$ 3,650	$ 3,038

As of June 30, 2023, unrecognized stock-based compensation cost for options was $10.3 million and is expected to be recognized over a weighted-average period of 2.4 years.

A summary of option activity under the Company's stock option plans during the six months ended June 30, 2023 is presented below:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Options outstanding at December 31, 2022	7,203,874	$ 5.90	7.5	$ 429
Granted	436,750	$ 3.47		
Exercised	(179,235)	$ 1.19		
Forfeited	(197,955)	$ 4.43		
Options outstanding at June 30, 2023	7,263,434	$ 5.91	7.2	$ 632
Vested and exercisable, June 30, 2023	3,450,168	$ 6.88	5.3	$ 632
Vested and expected to vest, June 30, 2023	7,263,434	$ 5.91	7.2	$ 632

10. Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate and, if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period. No such adjustment was made as of June 30, 2023. The Company's effective federal and state tax rate for the three and six months ended June 30, 2023 and 2022 was 0%, primarily as a result of estimated net operating losses for the fiscal year to date offset by the increase in the valuation allowance against its deferred tax asset.

The Company did not record any income tax expense or benefit during the three and six months ended June 30, 2023 and 2022. The Company has a net operating loss and has provided a valuation allowance against net deferred tax assets due to uncertainties regarding the Company's ability to realize these assets. All losses before income taxes arose in the United States.

11. Commitments and Contingencies

Patent License Agreements

Duke University

In March 2006, the Company entered into a license agreement with Duke University ("Duke"), which was subsequently amended in 2011, 2014, 2015, 2018, 2019 and 2022. Under this license agreement, Duke granted the Company a worldwide, exclusive, sublicensable license to certain patents related to decellularized tissue engineering, referred to as the patent rights, as well as a non-exclusive license to use and practice certain know-how related to the patent rights. The relevant licensed patent on decellularization of tissue expired in 2021. The Company has agreed to use commercially reasonable efforts to develop, register, market and sell products utilizing the patent rights, referred to as the licensed products. Any services provided to a third party utilizing licensed products are referred to as licensed services. The Company has also agreed to meet certain benchmarks in its development efforts, including as to development events, clinical trials, regulatory submissions and marketing approval, within specified timeframes. Under the license agreement, Duke retains the right to use the patent rights for its own educational and research purposes, and to provide the patent rights to other non-profit, governmental or higher-learning institutions for non-commercial purposes without paying royalties or other fees.

In connection with the Company's entry into the license agreement, the Company granted equity consideration to Duke in the form of 52,693 shares of Common Stock. Under the license agreement, the Company also agreed to pay Duke:

- a low single-digit percentage royalty on eligible sales of licensed products and licensed services, plus a low double-digit percentage of any sublicensing revenue;

- an annual minimum royalty beginning in 2012, which increases in the calendar year immediately following the first commercial sale of licensed products or licensed services (whichever occurs first); and
- an additional amount in license fees, as certain milestones are met.

The license agreement remains effective until the later of (i) the last of the patent rights expires or (ii) four years after the Company's first commercial sale, unless terminated earlier. Either party may terminate the agreement for fraud, willful misconduct or illegal conduct, or uncured material breach. Duke may terminate the agreement if the Company becomes insolvent. Duke may also terminate the license, convert the license into a non-exclusive license or seek assignment of any sublicense if the Company fails to reach diligence milestones within the applicable time period. If the Company abandons any claim, patent or patent application, its rights under the license with respect to such patent rights will be terminated in the territory in which the Company abandons such rights. The Company may terminate the license agreement unilaterally upon three months' prior notice to Duke. The Company agrees to indemnify Duke against certain third-party claims. Payments to Duke under the license agreement were immaterial during the periods presented.

Yale University

In February 2014, the Company entered into a license agreement with Yale University ("Yale") that granted the Company a worldwide license to the patents related to coatings for small-diameter vessels to inhibit clotting (the "Small Diameter Vessel License Agreement"). The license granted under the Small Diameter Vessel License Agreement is exclusive in the field of engineered vascular tissues and tissues and extracellular matrix-based implants used for vascular repair, reconstruction and replacement (provided that all uses are vascular tissues within the range of 1 – 12mm in diameter), except that it was subject to Yale's non-exclusive right, on behalf of itself and all other non-profit academic institutions, to use the licensed products for research, teaching, and other non-commercial purposes. The Company agreed to pay to Yale an annual maintenance fee, increasing between the first and fourth anniversaries of the Small Diameter Vessel License Agreement up to a maximum of less than $0.1 million per year for this license. In December 2022, in accordance with the terms of the Small Diameter Vessel License Agreement, the Company provided Yale with 90 days written notice of termination, effective March 21, 2023.

In August 2019, the Company entered into a license agreement with Yale that granted the Company a worldwide license to the patents related to the BVP (the "BVP License Agreement"). The license granted under the BVP License Agreement is exclusive in the field of engineered vascular tissues that deliver pancreatic islet cells to patients, except that it is subject to Yale's non-exclusive right, on behalf of itself and all other non-profit academic institutions, to use the licensed products for research, teaching, and other non-commercial purposes. The Company has agreed to pay to Yale an annual maintenance fee, increasing between the first and fourth anniversaries of the BVP License Agreement up to a maximum of less than $0.1 million per year for this license.

In August 2019, the Company entered into a license agreement with Yale that granted the Company a worldwide license to the patents related to tubular prostheses (the "Tubular Prosthesis License Agreement"). The license granted under the Tubular Prosthesis License Agreement is exclusive in the field of engineered urinary conduits, engineered tracheas/airways, and engineered esophagi, except that it is subject to Yale's non-exclusive right, on behalf of itself and all other non-profit academic institutions, to use the licensed products for research, teaching, and other non-commercial purposes. The Company has agreed to pay to Yale an annual maintenance fee, increasing between the first and fourth anniversaries of the Tubular Prosthesis License Agreement up to a maximum of less than $0.1 million per year for this license.

The Company has agreed to use reasonable commercial efforts to develop and commercialize the licensed patents and any licensed products and methods, and to use reasonable efforts to make the licensed products available to patients in low and low-middle income countries. The Company is also obligated to provide Yale periodically an updated and revised copy of its plan for each license, which must indicate progress of its development and commercialization. The Company may also sublicense the Company's rights without Yale's prior written consent, but such sublicense is subject to certain conditions.

In connection with its entry into the Tubular Prosthesis License Agreement, the Company paid Yale upfront cash fees. The Company has also agreed to pay Yale:

- annual maintenance fees, increasing between the first anniversary of the Tubular Prosthesis License Agreement until the fifth anniversary for the Small Diameter Vessel License Agreement (through the termination of the agreement on March 21, 2023) and the BVP License Agreement and until the fourth anniversary for the Tubular Prostheses License Agreement up to a maximum of less than $0.1 million per year;
- milestone payments upon achievement of certain regulatory and commercial milestones of $0.2 million and $0.6 million, respectively;
- a low single-digit percentage royalty on worldwide net sales, subject to reductions for third-party license fees; and
- a low double-digit percentage of sublicensing income.

If the Company or any of its future sublicensees bring a patent challenge against Yale or assists another party in bringing a patent challenge against Yale, the license fees described above will be subject to certain increases and penalties.

The BVP License Agreement and Tubular Prosthesis License Agreement expire on a country-by-country basis on the date on which the last of the patents in such country expires, lapses or is declared invalid. Yale may terminate the BVP License Agreement and Tubular Prosthesis License Agreement if the Company fails to (i) provide written diligence reports, (ii) provide commercially reasonable diligence plans, (iii) implement the plans in accordance with the obligations under the agreements, or (iv) reach certain research and development milestones within the scheduled timeframe set forth in the agreements; however, any such termination right would be limited in scope to the country to which such failure relates. Yale may also terminate for the Company's non-payment, uncured material breach, failure to obtain adequate insurance, bringing or assisting in bringing of a patent challenge against Yale, abandonment of the research and development of the Company's products or insolvency. The Company may terminate the BVP License Agreement and Tubular Prosthesis License Agreement (i) on 90 days' prior written notice to Yale, provided the Company is not in breach of the license agreements and has made all required payments to Yale thereunder and (ii) on written notice to Yale following an uncured material breach. With respect to the BVP License Agreement, the Company's rights under the agreement will also terminate automatically with respect to a patent application or patent within the licensed patents in a specified country if, upon receipt of written notice from Yale, the Company does not agree to pay the patent filing, prosecution and maintenance fees incurred by Yale for such patent applications or patents in the specified country. Under certain circumstances, Yale may, at its option, convert the exclusive licenses to non-exclusive licenses if the Company declines to initiate certain infringement or interference proceedings with respect to the licensed patents. The Company has agreed to indemnify Yale against certain third-party claims. Payments to Yale under the Small Diameter Vessel Licnse Agreement, BVP License Agreement and Tubular Prosthesis License Agreement were immaterial during the periods presented.

JDRF Agreement

On April 1, 2023, the Company entered into the JDRF Agreement to further develop and perform preclinical testing of the BVP, as discussed in Note 2 — Summary of Significant Accounting Policies. According to the terms of the JDRF Agreement, JDRF will provide funding up to $0.8 million based on the achievement of certain research and development milestones. The Company received the first milestone payment of $80 thousand in April 2023 upon execution of the agreement.

In accordance with the JDRF Agreement, the Company has agreed to pay JDRF:

- a one-time royalty in an amount equal to four times the Actual Award, to be paid in three equal installments following the first commercial sale of any product containing the Company’s technology identified in the JDRF Agreement;
- an additional royalty equal to the Actual Award at a specified payment date after net sales exceed $250 million; and

- in the event of a license, sale or transfer of the Company's rights to the product's technology identified in the JDRF Agreement or a change of control transaction, a payment equal to 10% of any license or purchase price payments received by the Company up to the Royalty Cap, less any previous royalty payments paid towards the Royalty Cap.

The JDRF Agreement expires on the date on which the Company has paid all of the royalty payments described above. Either party may terminate the JDRF Agreement for cause by providing the other party with written notice and allowing the other party 30 days to cure such breach. JDRF may terminate the JDRF Agreement without cause by providing 90 days' notice to the Company at any time after April 1, 2024. Royalties on previously received milestone payments would remain due after a termination by JDRF without cause.

Legal Matters

The Company currently is not aware of any legal proceedings or claims that management believes will have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

Indemnification

To the extent permitted under Delaware law, the Company has agreed to indemnify its directors and officers for certain events or occurrences while the director or officer is, or was serving, at the Company's request in such capacity. The indemnification period covers all pertinent events and occurrences during the director's or officer's service. The maximum potential amount of future payments the Company could be required to make under these indemnification arrangements is not specified in such arrangements; however, the Company has director and officer insurance coverage that is intended to reduce its exposure and enable the Company to recover a portion of any potential future amounts the Company could be required to make. To date, the Company has not incurred any costs as a result of such obligations and has not accrued any liabilities related to such obligations in the condensed consolidated financial statements.

12. Related Party Transactions

Fresenius Medical Care investments and distribution agreement

In June 2018, the Company completed a $150 million financing transaction pursuant to which Fresenius Medical Care purchased shares of series D redeemable convertible preferred stock that at the Closing converted into 15,812,735 shares of Common Stock. In August 2021, Fresenius Medical Care invested $25 million as part of the PIPE Financing and received an additional 2.5 million shares of Common Stock.

In addition, the Company entered into a distribution agreement with Fresenius Medical Care in June 2018 which, as amended as of February 16, 2021, granted Fresenius Medical Care and its affiliates exclusive rights to develop outside the United States and European Union (the "EU") and commercialize outside of the United States the Company's 6 millimeter x 42 centimeter HAV and all improvements thereto, and modifications and derivatives thereof (including any changes to the length, diameter or configuration of the foregoing), for use in vascular creation, repair, replacement or construction, including renal replacement therapy for dialysis access, the treatment of peripheral artery disease, and the treatment of vascular trauma, but excluding coronary artery bypass graft, pediatric heart surgery, or adhering pancreatic islet cells onto the outer surface of the distribution product for use in diabetic patients. Within the United States, Fresenius Medical Care will collaborate with the Company in its commercialization of the product in the field, including adoption of the distribution product as a standard of care in patients for which such use is supported by clinical results and health economic analyses.

The Company is responsible for developing and seeking regulatory approval for the distribution product in the field in the United States. For countries outside the United States, the parties agreed to use commercially reasonable efforts to satisfy certain agreed minimum market entry criteria for the distribution product in the field in such country. For the EU, once such criteria have been satisfied for the applicable country, or if the parties otherwise mutually agree to obtain regulatory approval for the distribution product in the field in the applicable country, the Company agreed to use commercially reasonable efforts to obtain such regulatory approval (other than pricing approval), and Fresenius Medical Care agreed to use commercially reasonable efforts to obtain the corresponding pricing approval. For the rest of the world (i.e., outside the United States and the EU), once such criteria have been satisfied for the applicable country, or if the parties otherwise mutually agree to obtain regulatory and pricing approval for the distribution product in the field in the applicable country, Fresenius Medical Care agreed to use commercially reasonable efforts to obtain such approvals, and the Company agreed to use commercially reasonable efforts to support Fresenius Medical Care in its efforts.

Under the distribution agreement, the Company grants an exclusive, sublicensable license to Fresenius Medical Care under the patents, know-how and regulatory materials controlled by the Company during the term to commercialize the distribution product in the field outside the United States, subject to the Company's retained rights to carry out its obligations under the distribution agreement. The Company also grants a non-exclusive, sublicensable license to Fresenius Medical Care under the patents, know-how and regulatory materials controlled by the Company during the term to develop the distribution product in accordance with the terms of the distribution agreement. In addition, the Company grants to Fresenius Medical Care, among other things, a perpetual, irrevocable, non-exclusive sublicensable license under the patents and know-how that primarily relate to the distribution product or its manufacture and that were created, conceived or developed solely or jointly by or on behalf of Fresenius Medical Care in the performance of its activities under the distribution agreement.

The distribution agreement provides that the Company will own all know-how and patents that primarily relate to the distribution product or its manufacture that are created, conceived or developed by or on behalf of either party in the performance of activities under the distribution agreement. Ownership of all other know-how, patents, materials and other intellectual property created, conceived or developed during the performance of activities under the distribution agreement will be determined in accordance with U.S. patent laws for determining inventorship.

The Company is obligated to make payments to Fresenius Medical Care based on a share of aggregate net sales by or on behalf of the Company of the distribution product in the United States in the field. Such revenue-share payments will be a percentage of net sales in the low double digits, without regard to the calendar year in which such net sales are attributable, until such time that the Company has paid to Fresenius Medical Care a certain total amount, at which time the revenue-share will decrease to a percentage of net sales in the mid-single digits. The amounts that Fresenius Medical Care will be obligated to pay the Company under the distribution agreement for sales of the distribution product in the field outside of the United States will vary. Fresenius Medical Care agreed to pay the Company initially, on a country-by-country basis for sales outside of the United States, the amount equal to the average cost of manufacturing the Company's distribution product plus a fixed dollar amount per unit. Following a specified period, on a country-by-country basis outside of the United States, Fresenius Medical Care will pay the Company a fixed percentage of net sales for each unit sold in such country, such that the Company will receive more than half of such net sales.

The distribution agreement will generally continue on a country-by-country basis until the later of (a) the tenth anniversary of the launch date of the distribution product in the relevant country or (b) the expiration of the last-to-expire valid claim of specified patents in such country. Each party is permitted to terminate the distribution agreement for insolvency of, or, under certain circumstances, including various cure periods, material breach by the other party. Subject to a cure period, Fresenius Medical Care may also terminate the distribution agreement in its entirety or on a country-by-country basis (i) for certain withdrawals of regulatory approval or (ii) for termination or expiration of any of our in-licenses that is necessary for the exercise of Fresenius Medical Care's rights, or the satisfaction of its obligations, under the distribution agreement. In addition, Fresenius Medical Care may terminate the distribution agreement for convenience on a country-by-country basis upon not less than 12 months' written notice to the Company, although Fresenius Medical Care is not permitted to give such notice prior to the end of the second year following launch of the distribution product in such country. Each party is required to indemnify one another for certain third-party claims.

During the three and six months ended June 30, 2023, the Company paid approximately $0.2 million and $0.3 million, respectively, for clinical research services to Frenova Renal Research, a subsidiary of Fresenius Medical Care.

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Arrangements with Yale University

The Company's President and Chief Executive Officer, Laura Niklason M.D., PhD., serves as an Adjunct Professor in Anesthesia at Yale University. As of June 30, 2023 and December 31, 2022, the Company was a party to license agreements with Yale University as described in Note 11 — Commitments and Contingencies, above.

The following table shows a summary of related party expenses included in the statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2023**	**2022**	**2023**	**2022**
License expenses	$ 55	$ —	$ 55	$ 50
Other	1	6	4	8
Total	56	6	59	58

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q ("Quarterly Report") and with our audited financial statements and the notes thereto included in our Annual Report. In addition, you should read the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections of this Quarterly Report and our Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Unless the context indicates otherwise, references in this Quarterly Report to the "Company," "Humacyte," "we," "us," "our" and similar terms refer to Humacyte, Inc. (formerly known as Alpha Healthcare Acquisition Corp.) and its consolidated subsidiaries (including Humacyte Global, Inc.) following the Merger (defined below); references to "Legacy Humacyte" refer to Humacyte, Inc. prior to the Merger; and references to "AHAC" refer to Alpha Healthcare Acquisition Corp. prior to the Merger.

Overview

We are pioneering the development and manufacture of off-the-shelf, universally implantable, bioengineered human tissues, advanced tissue constructs and organ systems with the goal of improving the lives of patients and transforming the practice of medicine. We believe our regenerative medicine technology has the potential to overcome limitations in existing standards of care and address the lack of significant innovation in products that support tissue repair, reconstruction and replacement. We are leveraging our novel, scalable technology platform to develop proprietary product candidates for use in the treatment of diseases and conditions across a range of anatomic locations in multiple therapeutic areas.

We are initially using our proprietary, scientific technology platform to engineer and manufacture HAVs. Our investigational HAVs are designed to be easily implanted into any patient without inducing a foreign body response or leading to immune rejection. We are developing a portfolio, or "cabinet", of HAVs with varying diameters and lengths. The HAV cabinet would initially target the vascular repair, reconstruction and replacement market, including use in vascular trauma; arteriovenous ("AV") access for hemodialysis, peripheral artery disease ("PAD"); and coronary artery bypass grafting ("CABG"). In addition, we are developing our HAVs for pediatric heart surgery and the delivery of cellular therapies, including pancreatic islet cell transplantation to treat Type 1 diabetes (our biovascular pancreas). We will continue to explore the application of our technology across a broad range of markets and indications, including the development of urinary conduit, trachea, esophagus and other novel cell delivery systems.

We believe there is substantial clinical demand for safe and effective vascular conduits to replace and repair blood vessels throughout the body. Vascular injuries resulting from trauma are common in civilian and military populations, frequently resulting in the loss of either life or limb. Existing treatment options in the vascular repair, reconstruction and replacement market include the use of autologous vessels and synthetic grafts, which we believe suffer from significant limitations. For example, the use of autologous veins to repair traumatic vascular injuries can lead to significant morbidity associated with the surgical wounds created for vein harvest and prolonged times to restore blood flow to injured limbs leading to an increased risk of amputation and infection. Synthetic grafts are often contraindicated in the setting of vascular trauma due to higher infection risk that can lead to prolonged hospitalization and limb loss. Given the competitive advantages our HAVs are designed to have over existing vascular substitutes, we believe that HAVs have the potential to become the standard of care and lead to improved patient outcomes and lower healthcare costs.

We are currently conducting Phase 2 and Phase 3 trials of our 6 millimeter HAV across two therapeutic indications, vascular trauma and AV access for hemodialysis, as well as continuing long-term follow up of patients in our Phase 2 PAD studies. We were granted Fast Track designation by the FDA for our 6 millimeter HAV for use in AV access for hemodialysis in 2014. We also received the first Regenerative Medicine Advanced Therapy ("RMAT") designation from the FDA, for the creation of vascular access for performing hemodialysis, in March 2017. In May 2023, we were granted the RMAT designation for the HAV for urgent arterial repair following extremity vascular trauma. In addition, in 2018 our HAV product candidate was assigned a priority designation by the Secretary of Defense under Public Law 115-92, enacted to expedite the FDA's review of products that are intended to diagnose, treat or prevent serious or life-threatening conditions facing American military personnel. Upon completion of our Phase 3 trials and dependent upon clinical results, we intend to submit a BLA to the FDA for an indication in vascular trauma and AV access for hemodialysis. In March 2023 we announced completion of enrollment of our Phase 3 trial of the HAV for use in AV access for hemodialysis. As this trial has a one-year follow-up period, we expect results from the trial to be available in 2024. In July 2023 we

announced completion of enrollment of our Phase 2/3 trial in extremity vascular trauma, a trial for which its primary analysis is based on a 30-day follow-up period. We plan to release the results of the Phase 2/3 trial, pending the outcome of the primary analysis, and file a BLA for an indication in extremity vascular trauma with the FDA before the end of 2023.

We have generated no product revenue and incurred operating losses and negative cash flows from operations in each year since our inception in 2004. As of June 30, 2023 and December 31, 2022, we had an accumulated deficit of $486.2 million and $426.5 million, respectively, and working capital of $109.2 million and $134.6 million, respectively. Our operating losses were approximately $26.7 million and $49.2 million for the three and six months ended June 30, 2023, respectively, and $18.5 million and $40.3 million for the three and six months ended June 30, 2022, respectively.

Net cash flows used in operating activities were $41.2 million and $35.4 million during the six months ended June 30, 2023 and 2022, respectively. Substantially all of our operating losses resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We expect to incur substantial operating losses and negative cash flows from operations for the foreseeable future as we advance our product candidates.

As of June 30, 2023, we had cash and cash equivalents of $114.6 million. We believe our cash and cash equivalents on hand will be sufficient to fund operations, including clinical trial expenses and capital expenditure requirements, for at least 12 months from the date of this Quarterly Report. See Note 1 — Organization and Description of Business in the notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding this assessment.

Our need for additional capital will depend in part on the scope and costs of our development and commercial manufacturing activities. To date, we have not generated any revenue from the sale of commercialized products. Our ability to generate product revenue will depend on the successful development and eventual commercialization of one or more of our product candidates. Until such time, if ever, we expect to finance our operations through the use of existing cash and cash equivalents, the sale of equity or debt, proceeds from the Purchase Agreement, borrowings under credit facilities, or through potential collaborations, other strategic transactions or government and other grants. Adequate capital may not be available to us when needed or on acceptable terms. If we are unable to raise capital, we could be forced to delay, reduce, suspend or cease our research and development programs or any future commercialization efforts, which would have a negative impact on our business, prospects, operating results and financial condition. See “Risk Factors” for additional information.

We expect to continue to incur significant expenses and to increase operating losses for at least the next several years. We anticipate that our expenses will increase substantially as we seek to:

- obtain marketing approval for our 6 millimeter HAV for vascular repair, reconstruction and replacement, including for vascular trauma and AV access for hemodialysis;
- commercialize the HAV via U.S. market launches in vascular trauma and hemodialysis AV access;
- scale out our manufacturing facility to the extent required to satisfy potential demand following any receipt of marketing approval;
- continue our preclinical and clinical development efforts;
- maintain, expand and protect our intellectual property portfolio;
- add operational, financial and management information systems and personnel to support, among other things, our product development and commercialization efforts and operations; and
- continue operating as a public company, which includes higher costs associated with hiring additional personnel, director and officer insurance premiums, audit and legal fees and expenses for compliance with public company reporting requirements under the Exchange Act and rules implemented by the SEC and Nasdaq.

Recent Developments

Revenue Interest Purchase Agreement

On May 12, 2023, we entered into the Purchase Agreement with the Purchasers and another affiliate of Oberland Capital Management LLC, as agent for the Purchasers, to obtain financing in respect to the further development and commercialization of our HAV, to repay our credit facility with SVB, and for other general corporate purposes. Pursuant to the Purchase Agreement, the Purchasers have agreed to pay us an aggregate investment amount of up to $150.0 million. Under the terms of the Purchase Agreement, $40.0 million of the Investment Amount, less certain transaction expenses, was funded on May 12, 2023, which was used to repay in full and retire our indebtedness under the Loan Agreement, with the remaining proceeds funded to the Company. See Note 6 — Revenue Interest Purchase Agreement to the condensed consolidated financial statements for additional details about this financing transaction.

JDRF Agreement

On April 1, 2023, we entered into the JDRF Agreement to further develop and perform preclinical testing of the BVP, a product candidate designed to deliver insulin-producing islets using the HAV as a means of treating patients with type 1 diabetes. According to the terms of the JDRF Agreement, JDRF will provide funding up to $0.8 million based on the achievement of certain research and development milestones. See Note 11 — Commitments and Contingencies to the condensed consolidated financial statements for additional details about this agreement.

Components of Results of Operations

Revenue

To date, we have not generated revenue from the sale of any products. All of our revenue has been derived from government and other grants. From inception through June 30, 2023 we have been awarded grants, including grants from the California Institute of Regenerative Medicine (“CIRM”), the National Institutes of Health (“NIH”), and the DoD, to support our development, production scaling and clinical trials of our product candidates. We may generate revenue in the future from government and other grants, payments from future license or collaboration agreements and, if any of our product candidates receive marketing approval, from product sales. We expect that any revenue we generate will fluctuate from quarter to quarter. If we fail to complete the development of, or obtain marketing approval for, our product candidates in a timely manner, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected.

Research and Development Expenses

Since our inception, we have focused our resources on our research and development activities, including conducting preclinical studies and clinical trials, developing our manufacturing process and activities related to regulatory filings for our product candidates. We recognize research and development expenses as they are incurred. Our research and development expenses consist primarily of:

- salaries and related overhead expenses for personnel in research and development functions, including stock-based compensation and benefits;
- fees paid to consultants and clinical research organizations (“CROs”), including in connection with our clinical trials, and other related clinical trial fees, such as for investigator grants, patient screening, laboratory work and statistical compilation and analysis;
- allocation of facility lease and maintenance costs;
- depreciation of leasehold improvements, laboratory equipment and computers;
- costs related to purchasing raw materials and producing our product candidates for clinical trials;
- costs related to compliance with regulatory requirements;
- costs related to our manufacturing development and expanded-capabilities initiatives; and
- license fees related to in-licensed technologies.

The majority of our research and development resources are currently focused on our Phase 2 and 3 clinical trials for our 6 millimeter HAV and other work needed to obtain marketing approval for our 6 millimeter HAV for use for vascular repair, reconstruction and replacement, including vascular trauma and AV access in hemodialysis in the United States. We have incurred and expect to continue to incur significant expenses in connection with these and our other clinical development efforts, including expenses related to regulatory filings, trial enrollment and conduct, data analysis, patient follow up and study report generation for our Phase 2 and Phase 3 clinical trials. We do not allocate all of our costs by each research and development program for which we are developing our cabinet of HAVs, as a significant amount of our development activities broadly support multiple programs that use our technology platform. We plan to further increase our research and development expenses for the foreseeable future as we continue the development of our proprietary scientific technology platform and our novel manufacturing paradigm.

The successful development of our preclinical and clinical product candidates is highly uncertain. At this time, we cannot estimate with any reasonable certainty the nature, timing or costs of the efforts that will be necessary to complete the remainder of the development of any of our preclinical or clinical product candidates or the period, if any, in which material net cash inflows from these product candidates may commence. This is due to the numerous risks and uncertainties associated with the development of our product candidates, including:

- the scope, rate of progress, expense and results of our preclinical development activities, our ongoing clinical trials and any additional clinical trials that we may conduct, and other research and development activities;
- successful patient enrollment in and the initiation and completion of clinical trials;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities including the FDA and non-U.S. regulators;
- the extent of any required post-marketing approval commitments to applicable regulatory authorities;
- development of clinical and commercial manufacturing capabilities or making arrangements with third-party manufacturers in order to ensure that it or its third-party manufacturers are able to successfully manufacture our product;
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights;
- significant and changing government regulations;
- launching commercial sales of our product candidates, if approved, whether alone or in collaboration with others;
- the degree of market acceptance of any product candidates that obtain marketing approval; and
- maintaining a continued acceptable safety profile following approval, if any, of our product candidates.

A change in the outcome of any of these variables could lead to significant changes in the costs and timing associated with the development of our product candidates. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate being required to conduct in order to complete the clinical development of any of our product candidates, or if we experience significant delays in the enrollment or the conduct of any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for employees in executive, finance, human resources, commercialization, and administrative support functions, which also include stock-based compensation expenses and benefits for such employees. Other significant general and administrative expenses include facilities costs, professional fees for accounting and legal services and expenses associated with obtaining and maintaining patents.

We expect our general and administrative expenses will continue to increase for the foreseeable future to support our expanded infrastructure and increased costs of operating as a public company and as we prepare for our anticipated commercial launch of the HAV. These increases are expected to include increased employee-related expenses, increased sales and marketing expenses, and increased director and officer insurance premiums, audit and legal fees, and expenses for compliance with public company reporting requirements under the Exchange Act and rules implemented by the SEC, as well as Nasdaq rules.

Other Income (Expense), Net

Total other income (expense), net consists of (i) the change in fair value of the Contingent Earnout Liability that was accounted for as a liability as of the date of the Merger, and is remeasured to fair value at each reporting period, resulting in a non-cash gain or loss, (ii) interest income earned on our cash and cash equivalents and short-term investments, (iii) interest expense incurred on our Loan Agreement, Purchase Agreement and finance leases during the periods each were outstanding, (iv) the change in fair value of our derivative liabilities including the private placement Common Stock warrant liabilities related to the Private Placement Warrants, which we assumed in connection with the Merger; the liability related to our Option Agreement; and the derivative liability related to our JDRF Agreement, all of which are subject to remeasurement to fair value at each balance sheet date resulting in a non-cash gain or loss, (v) a loss on debt extinguishment related to the prepayment of our Loan Agreement in May 2023, and (vi) an employee retention credit we recognized in June 2023.

Results of Operations

Comparison of the Three Months Ended June 30, 2023 and 2022

	Three Months Ended June 30,		Change	
($ in thousands)	**2023**	**2022**	**$**	**%**
Grant revenue	$ —	$ 1,301	$ (1,301)	(100)%
Operating expenses:				
Research and development	20,540	14,652	5,888	40 %
General and administrative	6,191	5,180	1,011	20 %
Total operating expenses	26,731	19,832	6,899	35 %
Loss from operations	**(26,731)**	**(18,531)**	**(8,200)**	44 %
Other income (expense), net				
Interest income	1,479	301	1,178	391 %
Change in fair value of Contingent Earnout Liability	3,627	56,353	(52,726)	(94)%
Employee retention credit	3,107	—	3,107	100 %
Loss on extinguishment of debt	(2,421)	—	(2,421)	(100)%
Interest expense	(1,710)	(1,488)	(222)	15 %
Other income (expense), net	(57)	233	(290)	(124)%
Total other income (expense), net	4,025	55,399	(51,374)	(93)%
Net loss	**$ (22,706)**	**$ 36,868**	**$ (59,574)**	(162)%

Grant Revenue

There was no revenue for the three months ended June 30, 2023, compared to $1.3 million in revenue for the three months ended June 30, 2022. Revenue for 2022 related to the reimbursement of qualifying expenses incurred in connection with our grant from DoD, which totaled approximately $6.8 million over the life of the grant before this program ended in November 2022.

Research and Development Expenses

The following table discloses the breakdown of research and development expenses:

($ in thousands)	Three Months Ended June 30, 2023	2022	Change $	Change %
External services	$ 6,129	$ 3,810	$ 2,319	61 %
Materials and supplies	3,585	1,838	1,747	95 %
Payroll and personnel expenses	7,489	5,911	1,578	27 %
Other research and development expenses	3,337	3,093	244	8 %
	$ 20,540	**$ 14,652**	**$ 5,888**	40 %

Research and development expenses increased by $5.9 million, or 40%, from $14.7 million for the three months ended June 30, 2022 to $20.5 million for the three months ended June 30, 2023. The increase was primarily driven by expenses incurred to support our expanded research and development initiatives, including preparation for the completion of our trial for the use of the HAV in extremity vascular trauma and planned BLA filing, and expansion of clinical development of the HAV for use in AV access. Expense increases were primarily comprised of (i) a $2.3 million increase in external services, (ii) a $1.7 million increase in the purchase of materials and supplies, (iii) a $1.6 million increase in payroll and personnel expenses, and (iv) a $0.2 million increase in other research and development expenses.

General and Administrative Expenses

General and administrative expenses were $6.2 million and $5.2 million for the three months ended June 30, 2023 and 2022, respectively. The increase in general and administrative expenses during this period of $1.0 million, or 20%, was primarily driven by preparation for the planned commercial launch of the HAV for an indication in vascular trauma, including (i) a $0.5 million increase in external services, (ii) a $0.3 million increase in payroll and personnel expenses and (iii) a $0.3 million increase in other general and administrative expenses.

Total Other Income (Expense), net

Total other income (expense), net was income of $4.0 million compared to income of $55.4 million for the three months ended June 30, 2023 and 2022, respectively. The decrease in income of $51.4 million primarily resulted from a $52.7 million decrease in the non-cash gain related to the remeasurement of the Contingent Earnout Liability as of June 30, 2023 compared to June 30, 2022 and a $2.4 million loss on extinguishment of debt related to the prepayment of our Loan Agreement, partially offset by a $3.1 million employee retention credit and a $1.2 million increase in interest income.

Comparison of the Six Months Ended June 30, 2023 and 2022

($ in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change $	Change %
Revenue	$ —	$ 1,534	(1,534)	(100)%
Operating expenses:				
Research and development	37,818	30,966	6,852	22 %
General and administrative	11,425	10,862	563	5 %
Total operating expenses	49,243	41,828	7,415	18 %
Loss from operations	**(49,243)**	**(40,294)**	**(8,949)**	22 %
Other income (expense), net:				
Interest income	2,954	332	2,622	790 %
Change in fair value of Contingent Earnout Liability	(10,564)	59,611	(70,175)	(118)%
Employee retention credit	3,107	—	3,107	100 %
Loss on extinguishment of debt	(2,421)	—	(2,421)	(100)%
Interest expense	(3,409)	(2,920)	(489)	17 %
Other income (expense), net	(99)	307	(406)	(132)%
Total other income (expense), net	(10,432)	57,330	(67,762)	(118)%
Net loss	**$ (59,675)**	**$ 17,036**	**$ (76,711)**	(450)%

Grant Revenue

There was no revenue for the six months ended June 30, 2023, compared to $1.5 million in revenue for the six months ended June 30, 2022. Revenue for 2022 related to the reimbursement of qualifying expenses incurred in connection with our grant from DoD, which totaled approximately $6.8 million over the life of the grant before this program ended in November 2022.

Research and Development Expenses

The following table discloses the breakdown of research and development expenses for the periods indicated:

($ in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change $	Change %
External services	$ 10,297	$ 7,660	$ 2,637	34 %
Materials and supplies	5,752	5,575	177	3 %
Payroll and personnel expenses	15,139	11,552	3,587	31 %
Other research and development expenses	6,630	6,179	451	7 %
	$ 37,818	**$ 30,966**	**$ 6,852**	22 %

Research and development expenses increased by $6.9 million, or 22%, from $31.0 million for the six months ended June 30, 2022 to $37.8 million for the six months ended June 30, 2023. The increase was primarily driven by expenses incurred to support our expanded research and development initiatives, including preparation for the completion of our trial for the use of the HAV in extremity vascular trauma and planned BLA filing, and expansion of clinical development of the HAV for use in AV access. Expense increases were primarily comprised of (i) a $3.6 million increase in payroll and personnel expenses, (ii) a $2.6 million increase in external services including the support of clinical studies, (iii) a $0.5 million increase in other research and development expenses, and (iv) a $0.2 million increase in the purchase of materials and supplies.

General and Administrative Expenses

General and administrative expenses were $11.4 million and $10.9 million for the six months ended June 30, 2023 and 2022, respectively. The increase in general and administrative expenses during this period of $0.6 million, or 5%, was primarily driven by preparation for the planned commercial launch of the HAV for an indication in vascular trauma, including (i) a $0.5 million increase in payroll and personnel expenses, (ii) a $0.2 million increase in external services and (iii) a $0.4 million increase in other general and administrative expenses, partially offset by a $0.5 million decrease in professional fees.

Total Other Income (Expense), net

Total other income (expense), net was expense of $10.4 million for the six months ended June 30, 2023, compared to income of $57.3 million for the six months ended June 30, 2022. The increase in expense of $67.8 million primarily resulted from the remeasurement of the Contingent Earnout Liability as of June 30, 2023, which resulted in non-cash expense of $10.6 million for the six months ended June 30, 2023, compared to $59.6 million in non-cash gain for the six months ended June 30, 2022, and a $2.4 million loss on extinguishment of debt related to the prepayment of our Loan Agreement, partially offset by a $3.1 million employee retention credit and a $2.6 million increase in interest income.

Liquidity and Capital Resources

Sources of Liquidity

We have historically financed our operations primarily through the sale of equity securities and convertible debt, proceeds from the Merger and related PIPE Financing, borrowings under loan facilities, the Purchase Agreement and, to a lesser extent, through grants from governmental and other agencies. Since our inception, we have incurred significant operating losses and negative cash flows. As of June 30, 2023 and December 31, 2022, we had an accumulated deficit of $486.2 million and $426.5 million, respectively.

As of June 30, 2023 and December 31, 2022, we had working capital of $109.2 million and $134.6 million, respectively. As of June 30, 2023, we had cash and cash equivalents of $114.6 million and as of December 31, 2022, we had cash and cash equivalents and short-term investments of $151.9 million. We believe our cash and cash equivalents will be sufficient to fund operations, including clinical trial expenses and capital expenditure requirements for at least 12 months from the date of this Quarterly Report. See Note 1 — Organization and Description of Business to our accompanying unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our assessment. We believe that our longer-term working capital, planned research and development, capital expenditures and other general corporate funding requirements may be satisfied through the sale of equity, debt, borrowings under credit facilities or through potential collaborations with other companies, other strategic transactions or government or other grants. Our liquidity plans are subject to a number of risks and uncertainties, including those described in the sections entitled “Forward-Looking Statements” and “Risk Factors” in this Quarterly Report and our Annual Report. Adequate capital may not be available to us when needed or on acceptable terms. If we are unable to raise capital, we could be forced to delay, reduce, suspend or cease our research and development programs or any future commercialization efforts, which would have a negative impact on our business, prospects, operating results and financial condition.

On May 12, 2023, we entered into the Purchase Agreement with the Purchasers and another affiliate of Oberland Capital Management LLC, as agent for the Purchasers, to obtain financing in respect to the further development and commercialization of our HAV, to repay our credit facility with SVB, and for other general corporate purposes. Pursuant to the Purchase Agreement and subject to customary closing conditions, the Purchasers have agreed to pay us an aggregate investment amount of up to $150.0 million. Under the terms of the Purchase Agreement, $40.0 million of the Investment Amount, less certain transaction expenses, was funded on May 12, 2023, which was used to repay in full and retire our indebtedness under the Loan Agreement, with the remaining proceeds funded to the Company. See Note 6 — Revenue Interest Purchase Agreement to the condensed consolidated financial statements for additional details about this financing transaction.

Material Cash Requirements

Our known material cash requirements include: (1) the purchase of supplies and services that are primarily for research and development; (2) repayments pursuant to the Purchase Agreement; (3) employee wages, benefits, and incentives; (4) financing and operating lease payments (for additional information see below), and (5) payments under our JDRF Agreement (see Note 11 — Commitments and Contingencies to our unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report). We have also entered into contracts with CROs primarily for clinical trials. These contracts generally provide for termination upon limited notice, and therefore we believe that our non-cancellable obligations under these agreements are not material. Moreover, we may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, for example, legal contingencies, uncertain tax positions, and other matters.

As of June 30, 2023, we had non-cancellable purchase commitments of $16.8 million for supplies and services that are primarily for research and development. We have existing license agreements with Duke University and Yale University, a distribution agreement with Fresenius Medical Care and our JDRF Agreement. The amount and timing of any potential milestone payments, license fee payments, royalties and other payments that we may be required to make under these agreements are unknown or uncertain at June 30, 2023. For additional information regarding our agreement with Fresenius Medical Care, see Note 12 — Related Party Transactions to our unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report. For additional information regarding our agreements with Duke University, Yale University and JDRF, see Note 11 — Commitments and Contingencies to our unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

Revenue Interest Purchase Agreement

On May 12, 2023, we entered into the Purchase Agreement and repaid in full all of the outstanding obligations under our Loan Agreement. Under the Purchase Agreement, as of June 30, 2023, we had $36.2 million recorded as a revenue interest liability on our condensed consolidated financial statements. For additional information regarding repayment, see Note 6 — Revenue Interest Purchase Agreement to our unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

Leases

Our finance lease relates to our headquarters facility containing our manufacturing, research and development and general and administrative functions, which was substantially completed in June 2018 and leased through May 2033, and our operating lease relates to the land lease associated with our headquarters. Our future contractual obligations under our lease agreements as of June 30, 2023 are as follows:

($ in thousands)	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Finance leases	$ 27,164	$ 4,015	$ 8,331	$ 5,854	$ 8,964
Operating leases	942	105	211	211	415

ATM Facility

On September 1, 2022, we entered into an agreement for the sale from time to time up to $80.0 million of shares of Common Stock pursuant to a sales agreement (the "ATM Facility"). As of June 30, 2023, we have not conducted any sales of Common Stock under the ATM Facility.

Future Funding Requirements

We expect to incur significant expenses in connection with our ongoing activities as we seek to (i) continue clinical development of our 6 millimeter HAV for use in vascular trauma and hemodialysis AV access and submit BLAs for FDA approval, (ii) if marketing approval is obtained, to launch and commercialize our HAVs for hemodialysis AV access and vascular repair in the U.S. market, including subsequent launches in key international markets, (iii) advance our pipeline in major markets, including PAD Phase 3 trials and continue preclinical development and advance to planned clinical studies in CABG and biovascular pancreas for diabetes, and (iv) scale out our manufacturing facility as required to satisfy potential demand if our HAVs receive marketing approval. We will need additional funding in connection with these activities.

Our future funding requirements, both short-term and long-term, will depend on many factors, including:

- the progress and results of our clinical trials and interpretation of those results by the FDA and other regulatory authorities;
- the cost, timing and outcome of regulatory review of our product candidates, particularly for marketing approval of our HAVs in the United States;
- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials for our additional product candidates;
- the cost and timing of our future commercialization activities, including product manufacturing, marketing and distribution for our HAVs if approved by the FDA, and any other product candidate for which we receive marketing approval in the future;
- the amount and timing of revenues, if any, that we receive from commercial sales of any product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the costs of operating as a public company, including hiring additional personnel as well as increased director and officer insurance premiums, audit and legal fees, and expenses for compliance with public company reporting requirements under the Exchange Act and rules implemented by the SEC and Nasdaq.

Until such time, if ever, as we are able to successfully develop and commercialize one or more of our product candidates, we expect to continue financing our operations through the sale of equity, debt, borrowings under credit facilities or through potential collaborations with other companies, other strategic transactions or government or other grants. Adequate capital may not be available to us when needed or on acceptable terms. Other than the Purchase Agreement, we do not currently have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures. Debt financing would also result in fixed payment obligations. If we are unable to raise capital, we could be forced to delay, reduce, suspend or cease our research and development programs or any future commercialization efforts, which would have a negative impact on our business, prospects, operating results and financial condition.

Our principal use of cash in recent periods has been primarily to fund our operations, including the clinical and preclinical development of our product candidates. Our future capital requirements, both short-term and long-term, will depend on many factors, including the progress and results of our clinical trials and preclinical development, timing and extent of spending to support development efforts, cost and timing of future commercialization activities, and the amount and timing of revenues, if any, that we receive from commercial sales.

See the section of this Quarterly Report entitled “Risk Factors” for additional risks associated with our substantial capital requirements.

Cash Flows

The following table shows a summary of our cash flows for each of the periods shown below:

	Six Months Ended June 30,	
($ in thousands)	**2023**	**2022**
Net income (loss)	$ (59,675)	$ 17,036
Non-cash adjustments to reconcile net income (loss) to net cash used in operating activities[(1)]:	22,042	(52,026)
Changes in operating assets and liabilities:	(3,611)	(376)
Net cash used in operating activities	(41,244)	(35,366)
Net cash provided by (used in) investing activities	470	(156)
Net cash provided by (used in) financing activities	5,606	(945)
Net decrease in cash and cash equivalents	$ (35,168)	$ (36,467)
Cash and cash equivalents at the beginning of the period	$ 149,772	$ 217,502
Cash and cash equivalents at the end of the period	$ 114,604	$ 181,035

(1) Includes depreciation, amortization related to our leases and our debt discount, stock-based compensation expense, non-cash interest expense related to our revenue interest liability and our JDRF Award liability, the changes in fair value of our Contingent Earnout Liability and our derivative liabilities, and in 2023 includes a loss on extinguishment of debt and an immaterial amount of loss on disposal of property and equipment.

Cash Flow from Operating Activities

The increase in net cash used in operating activities from the six months ended June 30, 2022 to the six months ended June 30, 2023 was primarily due to increased spending on pre-clinical, clinical and pre-commercial activities as well as payroll and personnel expenses, primarily those related to preparation for the completion of our trial for the use of the HAV in vascular trauma and planned BLA filing, expansion of clinical development of the HAV for use in AV access, and preparation for the planned commercial launch of the HAV for an indication in vascular trauma.

Cash Flow from Investing Activities

Net cash provided by investing activities for the six months ended June 30, 2023 consisted of proceeds from the maturity of our short-term investments (certificates of deposit), partially offset by the purchases of property and equipment. Net cash used in investing activities for the six months ended June 30, 2022 consisted of the purchases of property and equipment.

Cash Flow from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2023 consisted primarily of net proceeds from our Purchase Agreement, partially offset by the repayment of our Loan Agreement. Net cash used in financing activities for the six months ended June 30, 2022 consisted primarily of principal payments of our finance leases.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in SEC rules and regulations.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our unaudited condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and disclosure of contingent liabilities. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Although we believe that our estimates, assumptions, and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates based on different assumptions, judgments, or conditions.

An accounting estimate or assumption is considered critical if both (a) the nature of the estimate or assumption involves a significant level of estimation uncertainty, and (b) the impact within a reasonable range of outcomes of the estimate and assumption is material to our financial condition. There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in our audited consolidated financial statements as of and for the years ended December 31, 2022 and 2021, included in our Annual Report, except as described below.

Revenue Interest Liability

On May 12, 2023, we entered into the Purchase Agreement to obtain financing in respect to the further development and commercialization of our HAV, to repay our credit facility with SVB, and for other general corporate purposes. We recorded a revenue interest liability related to the Purchase Agreement on our condensed consolidated balance sheet on the date we entered into the Purchase Agreement, which is presented net of issuance costs and a debt discount. We impute interest expense associated with this liability using the effective interest rate method. The estimated effective interest rate is calculated based on the rate that would enable the debt to be repaid in full over the anticipated life of the arrangement. Interest expense and amortization of our issuance costs and debt discount is recognized over the estimated term in our condensed consolidated statements of operations and comprehensive income (loss). The interest rate on the liability may vary during the term of the agreement primarily due to the level of forecasted net sales. We evaluate the interest rate quarterly based on our current net sales forecasts utilizing the prospective method. A significant increase or decrease in net sales could materially impact the revenue interest liability, interest expense and the time period for repayment.

At June 30, 2023, the revenue interest liability is calculated using our current estimate of forecasted global net sales of our products for our planned commercial launch and impacted by a debt discount comprising the estimated fair value of a bifurcated derivative liability related to the Put Option, the estimated fair value of the Option Agreement, and issuance costs incurred. As our product candidates are not yet approved for sale, the estimated probability and timing or amounts of repayment is likely to change each reporting period.

The fair value of the contingent derivative liability is valued using a “with-and-without” method. The “with-and-without” methodology involves valuing the whole instrument on an as-is basis and then valuing the instrument without the individual embedded derivative. The difference between the entire instrument with the embedded derivative compared to the instrument without the embedded derivative was the fair value of the contingent derivative liability. The estimated probability and timing of underlying events triggering the exercisability of the contingent derivative liability bifurcated from within the Purchase Agreement, forecasted cash flows and the discount rate are significant unobservable inputs used to determine the estimated fair value of the entire instrument with the embedded derivative.

Emerging Growth Company and Smaller Reporting Company Status

We are an “emerging growth company” as defined in the Jumpstart our Business Startups Act of 2012 (the “JOBS Act”), and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies until it is no longer an emerging growth company. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We expect to use the extended transition period and, therefore, while we are an emerging growth company we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies, unless we choose to early adopt a new or revised accounting standard. This may make it difficult or impossible to compare our financial results with the financial results of another public company because of the potential differences in accounting standards used.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K under the Exchange Act (“Regulation S-K”). Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company if (1) the market value of Common Stock held by non-affiliates is less than $250 million as of the last business day of the second fiscal quarter, or (2) our annual revenues in our most recent fiscal year completed before the last business day of its second fiscal quarter are less than $100 million and the market value of Common Stock held by non-affiliates is less than $700 million as of the last business day of the second fiscal quarter.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We qualify as a smaller reporting company, as defined by Item 10 of Regulation S-K and, thus, are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of June 30, 2023, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company currently is not aware of any legal proceedings or claims that management believes will have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

Item 1A. Risk Factors

Our risk factors are disclosed in Part I, Item 1A of our Annual Report. There have been no material changes during the six months ended June 30, 2023 from or updates to the risk factors discussed in Part I, Item 1A, Risk Factors of our Annual Report, except as described below.

Risks Related to Our Financial Position and Need for Additional Funding

Pursuant to the terms of the Purchase Agreement, we may be limited in our ability to incur future debt.

On May 12, 2023, the Company and Global entered into the Purchase Agreement with the Purchasers and another affiliate of Oberland Capital Management LLC, as agent for the Purchasers, to obtain financing with respect to the further development and commercialization of the Company's HAV, to repay the Company's credit facility with SVB, and for other general corporate purposes. Pursuant to the terms of the Purchase Agreement, we are limited in our ability to incur additional indebtedness without the prior written consent of the Purchasers. The Purchasers have a Put Option to terminate the Purchase Agreement and to require Global to repurchase the Revenue Interests in the event that we incur additional indebtedness in violation of the terms of the Purchase Agreement.

We cannot assure you that our business will generate sufficient cash flow from operations, that we will be able to incur future debt on favorable terms or at all, or that future financing will be available to us in amounts sufficient to fund our operations.

Risks Related to Ownership of Our Securities

We may issue additional shares of common stock or other equity securities without stockholder approval, which would dilute your ownership interests and may depress the market price of our common stock.

As of June 30, 2023, we had warrants outstanding to purchase up to an aggregate of 5,588,506 shares of our common stock and options outstanding to purchase up to an aggregate of 7,263,434 shares of our common stock. Under the 2021 Plan and the ESPP, as of June 30, 2023 we also have the ability to issue 6,461,700 and 1,030,033 shares of Common Stock, respectively. In addition, the aggregate number of shares under the 2021 Plan and the ESPP will automatically increase on January 1 of each year commencing January 1, 2022, in an amount equal to 5% and 1%, respectively, of the number of shares of our capital stock outstanding on December 31 of the preceding year, unless our board of directors (the "Board") acts prior to January 1 of a given year to provide that the increase for such year will be a lesser number. At the end of 2021 and 2022, our Board elected not to increase the number of shares under the 2021 Plan and the ESPP. As of June 30, 2023, we had the Option outstanding to purchase up to $10 million worth of shares of our common stock. We may also issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions, financings or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

Our issuance of additional shares of common stock or other equity securities of equal or senior rank would have the following effects:

- our existing stockholders' proportionate ownership interest in Humacyte will decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished; and
- the market price of shares of our common stock may decline.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description
10.1*	Revenue Interest Purchase Agreement, dated as of May 12, 2023, by and among Humacyte Global, Inc., Humacyte, Inc. and Hook SA LLC.
10.2	Option Agreement, dated as of May 12, 2023, by and among Humacyte, Inc., TPC Investments III LP and TPC Investments Solutions LP. (incorporated by reference to Exhibit 4.1 to Humacyte, Inc.'s Registration Statement on Form S-3, filed with the SEC on June 9, 2023).
	Option Agreement, dated as of May 12, 2023, by and among Humacyte, Inc., TPC Investments III LP and TPC Investments Solutions LP.
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from Humacyte, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (unaudited), (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (unaudited), (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited), (iv) Condensed Consolidated Statements of Cash Flows (unaudited), (v) Notes to Condensed Consolidated Financial Statements (unaudited), and (vi) Cover Page.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

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 on this 14th day of August, 2023.

HUMACYTE, INC.

Date: August 14, 2023

By: /s/ Laura E. Niklason, M.D., Ph.D.

Name: Laura E. Niklason, M.D., Ph.D.

Title: President and Chief Executive Officer

By: /s/ Dale A. Sander

Name: Dale A. Sander

Title: Chief Financial Officer, Chief Corporate Development Officer and Treasurer

Exhibit 10.1

Execution Version

REVENUE INTEREST PURCHASE AGREEMENT

dated as of May 12, 2023

among

HUMACYTE GLOBAL, INC.,

as the Company,

HUMACYTE, INC.,

as Parent,

the Purchasers from time to time party hereto

and

HOOK SA LLC, as Purchaser Agent

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EXHIBITS

REVENUE INTEREST PURCHASE AGREEMENT

This **REVENUE INTEREST PURCHASE AGREEMENT** (as amended, supplemented or otherwise modified from time to time, this "Agreement") is made and entered into as of May 12, 2023, by and among Humacyte Global, Inc., a Delaware corporation (the "Company"), Humacyte, Inc., a Delaware corporation (the "Parent"), the Purchasers from time to time party hereto (each, a "Purchaser" and collectively, the "Purchasers") and Hook SA LLC, as collateral agent and administrative agent for the Purchasers (the "Purchaser Agent").

WHEREAS, the Company wishes to obtain financing to support the further development and commercialization of the Included Products (as hereinafter defined) and other general corporate purposes; and

WHEREAS, the Purchasers wish to purchase the Revenue Interests (as hereinafter defined) from the Company, and the Company wishes to sell, assign and transfer the Revenue Interests to the Purchasers in consideration for its payment of the Purchaser Payments (as hereinafter defined) all upon and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties set forth herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

The following terms that are defined in the UCC (as hereinafter defined) are used in this Agreement as so defined (and, in the event any such term is defined differently for purposes of Article 9 of the UCC than for any other purpose or purposes of the UCC, the Article 9 definition shall govern): Account, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Intermediary, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter of Credit Rights, Proceeds, Securities Account, Securities Intermediary and Tangible Chattel Paper. In addition, the following, as used herein, shall have the following meanings:

"Acquisition" means (a) any transaction, or any series of related transactions, by which any Person directly or indirectly, by means of a take-over bid, tender offer, amalgamation, merger, purchase of assets or similar transaction having the same effect as any of the foregoing, (i) acquires any business or product or all or substantially all of the assets of any Person engaged in any business or any business, product, business line or product line, division or other unit operation of any Person, (ii) acquires control of securities of a Person engaged in a business representing more than 50% of the ordinary voting power for the election of directors or other governing body if the business affairs of such Person are managed by a board of directors or other governing body or (iii) acquires control of more than 50% of the ownership interest in any Person engaged in any business that is not managed by a board of directors or other governing body and (b) any In-License.

"Acquisition Cost" means consideration paid or payable for an Acquisition (including (x) all milestone, maintenance and/or similar payments, earnouts (whether earned or contingent), deferred

purchase price and any other contractual commitment, whether fixed or contingent, (y) any transition support costs and (z) dedicated post-closing research and development spend (as reasonably determined by Parent's Board in connection with such Acquisition)), but excluding (i) royalties on sales calculated on an arm's-length basis and (ii) future sales-based milestones.

"Affiliate" means any Person that Controls, is Controlled by, or is under common Control with another Person. Unless the context otherwise requires, "Affiliate" refers to an Affiliate of Parent and/or the Company (and includes any Subsidiary). In no event shall Fresenius Medical Care Holdings, Inc. and its Subsidiaries be considered an Affiliate of Parent, the Company or any Subsidiary.

"Agreement" has the meaning set forth in the first paragraph hereof.

"Applicable Law" means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

"Applicable Percentage" means 7.50%; provided, that if on the Test Date the Total Revenue Interest Payments (excluding any True-Up Payment and any Revenue Interest Payments made with respect to amounts treated as Net Sales of the Included Products pursuant to Section 5.08(c)(iii)) are less than 100% of the Cumulative Purchaser Payments, then as of and following the Test Date, the Applicable Percentage will increase to a rate that, had such increased rate applied during the period from the Closing Date through and including the Test Date, would have provided the Purchasers with Total Revenue Interest Payments (excluding any True-Up Payment and any Revenue Interest Payments made with respect to amounts treated as Net Sales of the Included Products pursuant to Section 5.08(c)(iii)) equal to the Cumulative Purchaser Payments as of the Test Date.

"Audited Financial Statements" has the meaning set forth in the definition of "Financial Statements".

"Bankruptcy Event" means the occurrence of any of the following:

(a) Parent or any Subsidiary commences any case, proceeding or other action (i) under any Bankruptcy Law, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, administration, protection, liquidation or dissolution (other than a solvent winding-up, dissolution or liquidation of a Subsidiary into an Obligor), composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, interim receiver, receiver and manager, trustee, administrator, administrative receiver, custodian or other similar official for it or for all or any portion of its assets, or Parent or any Subsidiary makes a general assignment for the benefit of its creditors or enter into a composition, compromise, assignment or arrangement with any of its creditors (whether by way of a voluntary arrangement, scheme of arrangement, deed of compromise or otherwise);

(b) there is commenced against Parent or any Subsidiary any case, proceeding or other action seeking to adjudicate it bankrupt or insolvent, or seeking dissolution, liquidation, administration, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, interim receiver, receiver and manager, trustee, administrator, administrative receiver, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding remains undismissed or unstayed for a period of forty-five (45) days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against any such Person or the appointment of a receiver, interim receiver, receiver and manager, trustee, administrator, administrative receiver, custodian or other similar official for it or for any substantial part of its property) occurs;

(c) Parent or any Subsidiary is generally not paying its debts as such debts become due or shall admit in writing its inability to pay its debts generally;

(d) there is commenced against Parent or any Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against (i) all or a substantial portion of its assets and/or (ii) any Material Included Product or all or a material portion of Collateral, which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within forty-five (45) days from the entry thereof;

(e) Parent or any Subsidiary is insolvent as defined in any statute of the United States Bankruptcy Code or in the fraudulent conveyance or fraudulent transfer statutes of the State of Delaware or other applicable jurisdiction of organization; or

(f) an affirmative vote by the applicable Board to commence any case, proceeding or other action described in clause (a) above or any other action by Parent or any Subsidiary to otherwise cause, consent to, approve or acquiesce in any of the acts described in clauses (a) through (f) inclusive above.

"Bankruptcy Laws" means, collectively, in any jurisdiction, bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, or other similar Applicable Laws affecting the enforcement of creditors' rights generally.

"Biologics License Application" means an application submitted pursuant to Section 351 of the PHSA requesting permission from the FDA to introduce, or deliver for introduction, a biologic product into interstate commerce in the United States.

"Board" means the board of directors or similar governing body of Parent, the Company or any Subsidiary, as applicable.

"Business Day" means any day other than a Saturday, a Sunday, any day which is a legal holiday under the laws of the State of New York, or any day on which banking institutions located in the State of New York are required by law or other governmental action to close.

"Call Closing Date" has the meaning set forth in Section 5.07(b).

"Call Notice" has the meaning set forth in Section 5.07(b).

"Call Option" has the meaning set forth in Section 5.07(b).

"Cap Amount" means, as of the date of determination thereof, the amount equal to the Cap Multiplier multiplied by the Cumulative Purchaser Payments as of such date.

"Cap Multiplier" means 150%; provided, that if on the Test Date the Total Revenue Interest Payments are less than 150% of the Cumulative Purchaser Payments, then as of and following the Test Date, the Cap Multiplier will instead be 195%.

"Cash Equivalents" means (i) securities issued or unconditionally guaranteed or insured by the United States of America or any agency or instrumentality thereof, backed by the full faith and credit of the United States of America and maturing within one year from the date of acquisition, (ii) commercial paper issued by any Person organized under the laws of the United States of America maturing within 360 days from the date of acquisition and, at the time of acquisition, having a rating of at least A-1 or the

equivalent thereof by Standard & Poor's Ratings Services or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc., or F-1 or better by Fitch Investor Services, (iii) time deposits and certificates of deposit maturing within 360 days from the date of issuance (A) that are unconditionally guaranteed or insured by the United States of America or any agency or instrumentality thereof, backed by the full faith and credit of the United States of America or (B) that are issued by a bank or trust company organized under the laws of the United States of America (or any state thereof) (1) that has combined capital and surplus of at least $500,000,000 or (2) that has (or is a subsidiary of a bank holding company that has) a long-term unsecured debt rating of at least A or the equivalent thereof by Standard & Poor's Ratings Services or at least A2 or the equivalent thereof by Moody's Investors Service, Inc. or A or better by Fitch Investor Services, (iv) investment funds investing at least ninety-five (95%) of their assets in securities of the types described in clauses (i) through (iii) and (v) below, and (v) money market funds that are SEC registered 2a-7 eligible only, have assets in excess of $1,000,000,000, offer a daily purchase/redemption feature and seek to maintain a constant share price; provided that, the Obligors will invest only in 'no-load' funds which have a constant $1.00 net asset value target.

"Change of Control" means, at any time, the occurrence of any of the following events or circumstances:

(a) the acquisition by any "person" or "group" (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of any Equity Interests of Parent, if after such acquisition, such "person" or "group" would be the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of Parent representing more than forty-nine percent (49%) of the combined voting power of Parent's then outstanding securities entitled to vote generally in the election of directors;

(b) a merger or consolidation of Parent with any other Person, other than a merger or consolidation of Parent in which Parent is the surviving Person and which results in Parent's voting securities outstanding immediately prior thereto continuing to represent more than fifty percent (50%) of the combined voting power of Parent's voting securities outstanding immediately after such merger or consolidation;

(c) Parent ceases to own 100% of the Equity Interests of the Company;

(d) the Transfer in one or a series of transactions (whether or not related) of more than 49% of the consolidated assets of, or assets generating (or, prior to the FDA Approval Date, that would reasonably be expected to generate) more than 49% of the consolidated revenues of, Parent and its Subsidiaries on a consolidated basis to any Person that is not the Company or a Full Guarantor; or

(e) the occurrence of a change of control, "fundamental change" or other similar provision, as defined in any agreement or instrument evidencing any Indebtedness in excess of $2,500,000 triggering a default, a mandatory prepayment or other obligation to repurchase, redeem or repay such Indebtedness.

"Clinical Trial" means any clinical trial or investigation in any country or group of countries in the Covered Territory, including any clinical investigation, as that such term is defined in 21 CFR § 312.3, of the Included Products conducted by or on behalf of Parent or any Affiliate.

"Clinical Trial Application" means any application or submission to any Regulatory Agency for authorization to conduct a Clinical Trial of any Included Product in any country or group of countries.

"Clinical Updates" means, with respect to each ongoing or proposed Clinical Trial, a summary of (a) the current status of enrollment, (b) the estimated completion date, (c) the status of any clinical hold imposed, or threatened to be imposed, by any Regulatory Agency, (d) any unexpected fatal or life-threatening suspected adverse reaction, as that term is defined in 21 CFR 312.32 (or comparable regulations under other Applicable Law), and (e) any other material information and developments with respect to such Clinical Trial, including any change or modification to or termination of such Clinical Trial.

"Closing Date" means May 12, 2023.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" has the meaning set forth in the Security Agreement.

"Commercial Updates" means material information and developments with respect to the Obligors' Commercialization plans and prospects for the Included Products.

"Commercialization" means any and all activities, other than manufacturing, directed to the preparation for sale of, or sale of the Included Products, including activities related to marketing, promoting, distributing, and importing the Included Products, and interacting with Regulatory Agencies regarding any of the foregoing. When used as a verb, "to Commercialize" and "Commercializing" means to engage in Commercialization, and "Commercialized" has a corresponding meaning.

"Company" has the meaning set forth in the first paragraph hereof.

"Competitor" means, at any time of determination, any Person (and each other Person that owns or controls, directly or indirectly, such Person, or that controls or is controlled by or is under common control with such Person) that is an operating company and that directly and primarily engaged in the same, substantially the same, or similar line of business as the Company and its Subsidiaries, taken as a whole, as of such time. As used in this definition, "control" means (a) direct or indirect beneficial ownership of at least fifty percent (50%) (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) of the voting share capital or other equity interest in a Person or (b) the power to direct or cause the direction of the management of such Person by contract or otherwise.

"Compliance Certificate" means that certain certificate in the form attached hereto as Exhibit A.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise provided that with respect to any Intellectual Property, "control" means that the applicable Persons owns or has a license to such item or right and has the ability to grant to a party a license, sublicense, or rights of access and use under such item or right without (a) violating the terms or conditions of any agreement or other arrangement between such Person and any Third Party in existence as of the time such party would be required hereunder to grant such license, sublicense, or rights of access and use, and (b) paying any consideration to any Third Party. "Controlling" and "Controlled" have meanings correlative thereto.

"Control Agreement" means, with respect to any deposit account, any securities account, commodity account, securities entitlement or commodity contract, an agreement, in form and substance reasonably satisfactory to the Purchaser Agent, among the Purchaser Agent, the financial institution or

other Person at which such account is maintained or with which such entitlement or contract is carried and the Obligor maintaining such account, effective to grant "control" (as defined under the relevant Uniform Commercial Code) over such account to the Purchaser Agent.

"Corporate Benefit Limitations" means, with respect to any Guaranty or the grant or perfection of any security interest by any Foreign Guarantor, any limitations on such Guaranty or such grant or perfection imposed pursuant to Applicable Law (other than limitations that do not impair the rights and remedies of the Secured Parties more than analogous restrictions imposed under the laws of the United States as reasonably determined by Purchaser Agent).

"Covered Territory" means the entire world.

"Cumulative Purchaser Payments" shall mean (a) if the Purchasers have made the First Payment, $40,000,000, (b) if the Purchasers have made the First Payment and the Second Payment, $60,000,000, (c) if the Purchasers have made the First Payment, the Second Payment and the Third Payment, $100,000,000, and (d) if the Purchasers have made the First Payment, the Second Payment, the Third Payment and the Fourth Payment, $150,000,000; provided, that if the Net Sales Acceleration Payment is made, the Cumulative Purchaser Payments shall be reduced by $40,000,000.

"Data Room" means the electronic data room materials accessible to the Purchaser Agent in the "Humacyte Project Hawk" hosted by ShareFile and maintained by the Obligors in connection with the transactions contemplated under this Agreement, as such materials existed as of 5:00 p.m. EST on the date that is one calendar day prior to the Closing Date.

"Development" means all activities related to discovery, research, development, creation and prosecution of Intellectual Property, pre-clinical and other non-clinical testing, test method development and stability testing, toxicology, formulation, process development, manufacturing scale-up, qualification and validation, quality assurance/quality control, clinical studies, including Manufacturing in support thereof, statistical analysis and report writing, the preparation and submission of Drug Approval Applications, regulatory affairs with respect to the foregoing and all other activities necessary or reasonably useful or otherwise requested or required by a Regulatory Agency as a condition or in support of obtaining or maintaining a Regulatory Approval. When used as a verb, "Develop" means to engage in Development.

"Disclosure Letter" means that certain Confidential Disclosure Letter, dated as of the Closing Date and delivered by Parent to the Purchaser Agent.

"Dispute" has the meaning set forth in Section 3.12(d).

"Disqualified Equity Interests" means Equity Interests that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable), or upon the happening of any event or condition, (a) mature (excluding any maturity as the result of an optional redemption by the issuer thereof) or are mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or are redeemable at the option of the holder thereof, in whole or in part, (b) are convertible into or exchangeable for (i) debt securities or (ii) any Equity Interests referred to in clause (a) above, (c) contain any repurchase obligation or (d) contain any repurchase obligation or provides for mandatory distributions or the payment of cash dividends or distributions; provided that if such Equity Interests are issued pursuant to a plan for the benefit of Parent or any Subsidiary or their directors, officers, employees and/or consultants or by any such plan to directors, officers, employees or consultants of Parent or any Subsidiary, such Equity Interests shall not constitute Disqualified Equity Interests solely

because they may be required to be repurchased by Parent or any Subsidiary in order to satisfy applicable statutory or regulatory obligations or as a result of such director, officer, employee or consultant's termination, death or disability.

"Disqualified Persons" has the meaning set forth in the definition of "Eligible Assignee".

"Drug Approval Application" means a New Drug Application submitted pursuant to Section 505 of the FFDCA, a Biologics License Application, or any corresponding foreign application (in each case, including any amendment or supplement thereto) for an Included Product.

"Duke License Agreement" means that certain Exclusive Patent License Agreement, dated as of March 14, 2006, as amended, by and between Duke University and the Company in respect of OLV File # 1681, entitled "Novel Scaffolds for Tissue Engineering" and OLV File # 2057, entitled "Lifespan Extension in Tissue Engineering".

"Electronic Signature" means an electronic sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Eligible Assignee" is (i) any Purchaser, (ii) any Affiliate of a Purchaser or any fund or investment vehicle managed by a Purchaser or an Affiliate of a Purchaser or under common management with a Purchaser and (iii) any Person that, to the knowledge of the Purchaser Agent, is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended) or an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7)) with assets under management (together with its Affiliates) of at least $150,000,000, as determined by the Purchaser Agent in its good faith discretion; provided that, notwithstanding the foregoing, "Eligible Assignee" shall not include, unless a Put Option Event, or any event that with the giving of notice or passage of time would constitute a Put Option Event, has occurred and is continuing, (x) any Competitor identified by Parent in writing as such from time to time, (y) any Person identified to the Purchaser Agent by an Obligor in writing on or prior to the Closing Date, and in case any Affiliate thereof that is identifiable as such by name (or otherwise known to any Purchaser to be an Affiliate of such Person), or (z) any hedge fund primarily focused on stockholder activism (each such Person described in clauses (x), (y) and (z), collectively, "Disqualified Persons").

"Environmental Laws" means any and all federal, state, local, foreign and other applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Equity Interests" means any and all shares, interests, participations or other equivalents (however designated) of equity interests of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, without limitation, partnership interests, membership interests and similar ownership interests), any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing, and all other ownership or profit interests in a Person (including partnership, member or trusts interests in such Person), in each case whether voting or non-voting and whether or not outstanding on any date of determination; provided that Equity Interest shall not include any Permitted Convertible Notes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

"ERISA Affiliate" means any Person, trade or business (whether or not incorporated) under common control with any Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(b), (c), (m) and (o) of the Code for purposes or Section 4001(b) of ERISA.

"ERISA Event" means (a) a Reportable Event (as defined in ERISA) with respect to a Pension Plan; (b) the failure by an Obligor or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (c) the incurrence by an Obligor or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (d) a complete or partial withdrawal by an Obligor or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (e) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or any ERISA Affiliate; (j) the engagement by any Obligor or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon any Obligor pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; (l) the making of an amendment to a Pension Plan that could result in the posting of bond or security under Section 436(f)(1) of the Code; or (m) a Foreign Plan Event.

"Excluded Accounts" means (a) any deposit accounts solely used for (i) funding payroll or segregating payroll taxes or funding other employee wage or benefit payments, (ii) segregating 401(k) contributions or contributions to an employee stock purchase plan and other health and benefit plans, in each case for payment in accordance with Applicable Laws, and (iii) securing Liens described in clause (m), (n) and (r) of the definition of "Permitted Liens", (b) withholding tax and fiduciary trust accounts, and (c) any other account which individually has a balance not to exceed $100,000 at any time and which, in the aggregate with all other similarly situated deposit accounts, has a balance not to exceed $250,000 at any time.

"Excluded Subsidiary" means (a) any Foreign Subsidiary that is prohibited by Applicable Law or by any contractual obligation existing on the date of acquisition or formation of such Subsidiary (provided such contractual obligation was not entered into in contemplation thereof) from guaranteeing the Obligations or any Subsidiary that would require the approval of any Governmental Authority in order to guarantee the Obligations unless such approval has been received or can be obtained by the Subsidiary through the use of commercially reasonable efforts, or (b) any Foreign Subsidiary with respect to which the granting a security interest in and Lien upon, and pledging of such Foreign Subsidiary's properties and assets subject or purported to be subject from time to time to a Lien under any Transaction Document and the Equity Interests of such Foreign Subsidiary to secure the Obligations (and any guaranty thereof) by which would result in material adverse tax consequences to Parent and its Subsidiaries, taken as a whole, determined by the Purchasers, in their sole discretion, following consultation with Parent.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of or having its principal office or, in the case of any Purchaser its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any transaction document, or sold or assigned an interest in any Revenue Interest or any transaction document), (b) in the case of a Purchaser, any withholding Tax that is imposed by the United States on amounts payable to or for the account of a Purchaser pursuant to a law in effect on the date on which such Purchaser first becomes a party to this Agreement (or designates a new lending office), except in each case to the extent that, amounts with respect to such Taxes were payable either to such Purchaser's assignor immediately before such Purchaser became a party hereto or to such Purchaser immediately before it changed its lending office, (c) any U.S. federal withholding Taxes imposed under FATCA and (d) Taxes attributable to the Lender's failure to comply with Section 5.11(d).

"Existing Indebtedness" means the indebtedness of Parent and the Company in the aggregate outstanding principal amount immediately prior to the closing on the Closing Date of approximately $30,000,000 pursuant to that certain Loan and Security Agreement dated as of March 30, 2021, by and among Parent, the Company, the Existing Lender and the other Lenders (as defined therein) party thereto, as amended by that certain First Amendment to Loan and Security Agreement dated as of June 30, 2021 and that certain Second Amendment to Loan and Security Agreement dated as of September 17, 2021, as supplemented by that certain Joinder to Loan and Security Agreement dated as of September 17, 2021, and as otherwise amended, amended and restated, supplemented or otherwise modified from time to time.

"Existing Lender" means Silicon Valley Bank, a division of First-Citizens Bank & Trust Company (successor by purchase to the Federal Deposit Insurance Corporation as Receiver for Silicon Valley Bridge Bank, N.A. (as successor to Silicon Valley Bank)).

"Excluded Liabilities" has the meaning set forth in Section 2.04.

"FATCA" means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules, or practices adopted pursuant to any intergovernmental agreement, treaty, or convention among Governmental Authorities and implementing such sections of the Code.

"FCPA" has the meaning set forth in Section 3.22(b).

"FDA" means the United States Food and Drug Administration or any successor federal agency thereto.

"FDA Application Acceptance Date" means the later of the date on which (i) the FDA has accepted for review a Biologics License Application submitted by the Company seeking approval (including accelerated approval under 21 CFR Part 601 Subpart E) of the Initial HAV Product for urgent arterial repair following extremity vascular trauma when synthetic graft is not indicated and when

autologous vein is not feasible, or an indication that is substantially the same (subject to Purchaser Agent's agreement, not to be unreasonably withheld), and (ii) the Company has notified the Purchaser Agent thereof in writing in reasonable detail.

"FDA Approval Date" means the later of the date on which (i) the FDA has granted approval (including accelerated approval) for the Initial HAV Product for urgent arterial repair following extremity vascular trauma when synthetic graft is not indicated and when autologous vein is not feasible, or an indication that is substantially the same (subject to Purchaser Agent's agreement, not to be unreasonably withheld), and (ii) the Company has notified the Purchaser Agent thereof in writing in reasonable detail.

"FFDCA" means the United States Federal Food, Drug, and Cosmetic Act, as amended from time to time, together with any regulations promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

"Financial Statements" means (a) the audited consolidated balance sheets of Parent as of December 31, 2022 and December 31, 2021 and the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock, redeemable common stock and stockholders' equity (deficit) and cash flows for the years then ended (the "Audited Financial Statements"), (b) the draft unaudited balance sheets of Parent as of March 31, 2023 and the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock, redeemable common stock and stockholders' equity (deficit) and cash flows for the three (3) month period then ended (the "Interim Financial Statements") and (c) each financial statement delivered pursuant to Section 5.02(a).

"First Payment" means $40,000,000, which shall be paid by the Purchasers on the Closing Date in accordance with Section 2.03(a)(i).

"Foreign Guarantor" means any Subsidiary Guarantor that is a Foreign Subsidiary.

"Foreign Plan" means any employee benefit plan, program, policy, arrangement or agreement maintained, sponsored or contributed to, or for which there is an obligation to contribute to, by any Obligor or any ERISA Affiliate that is subject to any requirements of Applicable Law other than, or in addition to, the laws of the United States or any state thereof or the laws of the District of Columbia.

"Foreign Plan Event" means, with respect to any Foreign Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any requirements of Applicable Law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (b) the failure to make any required contribution or payment under any requirements of Applicable Law within the time permitted by any requirement of Applicable Law for such contributions or payments, (c) the receipt of a notice from a Governmental Authority relating to the intention to terminate any such Foreign Plan or to appoint a trustee or similar official to administer any such Foreign Plan, or alleging the insolvency of any such Foreign Plan.

"Foreign Subsidiary" means any Subsidiary that is that is not an entity organized under the laws of the United States or any state or territory thereof.

"Fourth Payment" means $50,000,000, which shall be paid by the Purchasers on the Fourth Purchaser Payment Date in accordance with Section 2.03(a)(iv).

"Fourth Purchaser Payment Date" means the date specified in the Payment Notice with regards to the Fourth Payment (or such earlier date as may be agreed by Purchaser Agent and the Purchasers in their sole discretion).

"Fresenius" means Fresenius Medical Care Holdings, Inc.

"Fresenius Distribution Agreement" means that certain Distribution Agreement, dated as of June 25, 2018, as amended by the First Amendment to Distribution Agreement dated October 7, 2019 and by that Second Amendment to Distribution Agreement dated February 16, 2021, by and between Fresenius and the Company.

"Full Guarantor" means any Subsidiary Guarantor that is not a Limited Guarantor.

"GAAP" means generally accepted accounting principles in the United States in effect from time to time. Notwithstanding anything in this Agreement to the contrary, for all purposes hereunder, any obligations of a Person in respect of leases that would have been treated as operating leases in accordance with Accounting Standards Codification 842 (regardless of whether or not then in effect) shall be treated as operating leases for purposes of all financial definitions, calculations and covenants, without giving effect to Accounting Standards Codification 842 requiring operating leases to be recharacterized or treated as capital leases.

"Globally Systemically Important Bank" means a banking institution designated as a "Globally Systemically Important Bank" or "G-SIB" by the Financial Stability Board.

"Governmental Authority" means any government, court, regulatory or administrative agency or commission, or other governmental authority, agency or instrumentality, whether foreign, federal, state, local or supranational (domestic or foreign), including each Patent Office, the FDA or the United States National Institutes of Health.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guaranty" means a guaranty agreement made by Parent and each Subsidiary Guarantor in favor of Purchaser Agent and the Purchasers substantially in the form attached as Exhibit B hereto.

"HAV" means bioengineered human acellular vessels.

"Included Product" means (a) the Initial HAV Product for urgent arterial repair following extremity vascular trauma when synthetic graft is not indicated and when autologous vein is not feasible, (b) the Initial HAV Product for hemodialysis access, (c) the Initial HAV Product for peripheral artery

disease, (d) the Initial HAV Product for any other indications, (e) any other HAV or other product designed, Developed, owned, licensed, acquired, Manufactured or Commercialized by Parent or any Affiliate from time to time, or (f) any derivative, improvement, enhancement, modification or subsequent iteration of any of the foregoing described in clause (a), (b), (c), (d) or (e).

"Indebtedness" means with respect to any Person: (a) any liability or obligation of such Person (i) for borrowed money or with respect to advances or deposits of any kind, (ii) evidenced by a bond, note, debenture, or similar instrument, (iii) in respect of the deferred purchase price of property or services, including a purchase money obligation given in connection with the acquisition of any businesses, properties or assets of any kind (other than a current trade payable or a current liability arising in the ordinary course of business that is not outstanding for more than ninety (90) days unless and to the extent subject to a bona fide dispute and for which adequate reserves have been taken in accordance with GAAP), (iv) under conditional sale or other title retention agreements relating to property acquired by such Person, (v) upon which interest charges are customarily paid, (vi) contingent or otherwise, in respect of the face amount of bankers' acceptances, letters of credit or similar extensions of credit, (vii) in respect of hedging agreements and other derivative contracts (for the net amount owed by such Person thereunder), (viii) for the payment of money relating to any obligations under any capital lease of real or personal property which are required to be recorded as a capitalized lease obligation in accordance with GAAP, (ix) under guaranteed minimum purchase, take or pay or similar performance requirement contracts, (x) the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof, including guaranteed minimum sales, purchase or performance requirements, (xi) under receivables factoring, receivable sales or similar transactions or under synthetic lease, tax ownership/operating lease, off balance sheet financing or similar financing, (xii) for milestone payments, royalty payments, upfront payments, license payments and similar payments pursuant to any License Agreement or other license agreement, research and development agreement, collaboration or development agreement or (xiii) arising under revenue interest agreements, royalty financing agreements or similar financings; (b) all Disqualified Equity Interests of such Person; (c) any Guarantee by such Person of Indebtedness or obligations of any other Person; and (d) (without duplication) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a), (b) and (c) above. "Indebtedness" of any Person shall include (A) all Indebtedness referred to in clauses (a) through (d) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness and (B) the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Liabilities" means, collectively, all Excluded Liabilities and any and all liabilities, obligations, losses, assessments, awards, causes of action, damages, penalties, claims, charges, fines, judgments, documented costs, expenses and disbursements of any kind or nature whatsoever (including documented expenses of investigation and the documented fees and disbursements of counsel for Indemnified Parties), whether direct, indirect or consequential, whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations), on common law or equitable cause or on contract or otherwise, imposed on, incurred by, or asserted against any such Indemnified Party, in any manner relating to or arising out of this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby (including any

enforcement of any of the Transaction Documents (including any sale of, collection from, or other realization upon any of the Collateral)).

"Indemnified Party" has the meaning set forth in Section 8.04(a).

"Initial HAV Product" means the 6mm x 42cm HAV product being Developed by the Company as of the Closing Date (including any changes to the length, diameter or configuration of the foregoing), and any derivative, improvement, enhancement, modification or subsequent iteration of any of the foregoing.

"In-License" means any license or other agreement between Parent or any Affiliate and any Third Party pursuant to which Parent or such Affiliate obtains a license or sublicense of, covenant not to sue under, or other similar rights to, any Intellectual Property of such Third Party (other than off-the-shelf software licenses and non-exclusive licenses of Intellectual Property that does not constitute Product Intellectual Property). For clarity, the In-Licenses existing as of the Closing Date include the Duke License Agreement and the Yale License Agreements.

"Intellectual Property" means all intellectual property and other proprietary rights of any kind or nature, whether registered or unregistered and whether registrable or not, protected, created or arising under any law, including any and all rights in: proprietary information; technical data; laboratory notebooks; clinical data; priority rights; trade secrets; know-how; confidential information; inventions (whether patentable or unpatentable and whether or not reduced to practice or claimed in a pending patent application); Patents; registered or unregistered trademarks, trade names, service marks, trade dress, logos, slogans, including all goodwill associated therewith; domain names; registered and unregistered copyrights and all applications thereof and all rights in works of authorship of any type, in all forms or media, designs rights, registered designs, database rights and rights in compilations of data.

"Intellectual Property Updates" means a summary of any new Patents, trademarks or copyrights issued or patent, trademark or copyright applications filed, amended or supplemented, constituting Product Intellectual Property (in form sufficient to allow Purchaser Agent to prepare appropriate filings in respect thereof to protect its Liens thereon), together with any material information or developments with respect to the Material Patents.

"Interim Financial Statements" has the meaning set forth in the definition of "Financial Statements".

"Investment" means (a) any beneficial ownership interest in any Person (including Equity Interests or other securities), (b) any loan, advance, extension of credit, capital contribution or similar payment to, or Guarantee of the obligations of, any Person, (c) the Guarantee of any liabilities of any other Person, (d) any Acquisition, (e) the purchase or ownership of any futures contract or liability for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, and (f) any investment in any other items that are or would be classified as investments on a balance sheet of such Person prepared in accordance with GAAP. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"IRS" means the United States Internal Revenue Service or any successor federal agency thereto.

"Key Contracts" means (A) (i) the Fresenius Distribution Agreement; (ii) the Yale License Agreements; (iii) the Duke License Agreement; (iv) that certain Supply Agreement, dated January 9,

2014, between SeraCare Life Sciences, Inc. and the Company; (v) that certain Supply Agreement, dated June 1, 2020, between Confluent Medical Technologies and the Company; and (vi) that certain Facility Lease Agreement, dated December 31, 2015, between ARE-NC Region No. 5, LLC and Humacyte, Inc., each as in effect on the date hereof and as amended, restated, supplemented, otherwise modified or replaced, and (B) any Material Contract the termination of which could reasonably be expected to result in a Material Adverse Effect.

"Knowledge" means the actual knowledge, after reasonable inquiry of a Person.

"Knowledge of the Obligors" means the Knowledge of any Knowledge Person.

"Knowledge Person" means any of the persons listed on Schedule 1.01(a) to the Disclosure Letter, and any individual who succeeds such person in the role identified on Schedule 1.01(a) to the Disclosure Letter.

"License Agreement" means all Out-Licenses and all In-Licenses.

"Licensees" means, collectively, Third Parties to which the Company or any Affiliate grants or has granted the right to Commercialize any Included Product, including, without limitation, any licensees and sublicensees under any Out-License related to an Included Product; each a "Licensee".

"Liens" means all liens, encumbrances, deeds of trust, hypothecations, pledges, charges, security interests, mortgages, rights to preferential payments, or encumbrances of any kind.

"Limited Guarantor" means any Subsidiary Guarantor whose Guaranty, or the grant or perfection of a security interest in whose assets, are limited by Corporate Benefit Limitations.

"Manufacture" and "Manufacturing" means all activities related to the production, manufacture, processing, filling, finishing, packaging, labeling, shipping, supply, and holding of any Included Product, or any intermediate thereof, including process development, process qualification and validation, scale-up, pre-clinical, clinical and commercial manufacture and analytic development, tissue engineering, product characterization, stability testing, quality assurance, and quality control.

"Market Capitalization" means, as at any date of determination, the product of (x) the number of issued and outstanding shares of Parent's common stock on such date multiplied by (y) the closing price per share of such common stock on such date on the principal stock exchange on which such shares are then listed, traded and quoted.

"Marketing Authorization" means, with respect to an Included Product, the Regulatory Approval required by Applicable Law to sell such Included Product in a country or region, including, to the extent required by Applicable Law for the sale of such Included Product, all pricing approvals and government reimbursement approvals.

"Material Adverse Effect" means (a) the effect of a material adverse change in the business, operations, assets, prospects or condition (financial or otherwise) of Parent and its Subsidiaries, taken as a whole, (b) an adverse effect in any material respect on the validity or enforceability of any of the Transaction Documents, (c) a material adverse effect on the ability of the Obligors, taken as a whole, to perform any of their material obligations under the Transaction Documents, (d) an adverse effect in any material respect on the rights or remedies of the Purchaser Agent or any Purchaser under any of the Transaction Documents, (e) a material adverse effect on any Material Included Product, the Product

Intellectual Property or the ability of any Obligor or a Person acting on behalf of such Obligor to Develop, Commercialize or Manufacture any Material Included Product, (f) a Put Option Event, (g) an adverse effect in any material respect on the timing, amount or duration of the Revenue Interest Payments or (h) an adverse effect in any material respect on the validity, perfection (except to the extent permitted under the Security Agreement) or first priority (subject to Permitted Priority Liens) of Liens in favor of the Purchaser Agent for the benefit of the Secured Parties (except to the extent resulting solely from any actions or inactions on the part of the Secured Parties despite timely receipt of information regarding Parent and its Subsidiaries as required by this Agreement).

"Material Contract" means (a) the License Agreements; (b) any "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the Securities Act of 1933, as amended, other than those agreements and arrangements described in Item 601(b)(10)(iii)) with respect to Parent or its Affiliates; (c) any development agreement, collaboration agreement, marketing agreement, co-promotion agreement, license agreement, option agreement, supply agreement, distribution agreement, partnering agreement or similar agreement with respect to Parent or any Affiliate related to the Development, Manufacture, or Commercialization of any Included Product in each case, for which breach, non-performance or failure to renew by Parent or any Affiliate or the respective counterparty could reasonably be expected to have a Material Adverse Effect; (d) any agreement with respect to Parent or any Affiliate relating to any Material Patent, including any license, option, assignment, or agreement related to control of such Material Patent, in each case, for which breach, non-performance or failure to renew by Parent or any Affiliate or the respective counterparty could reasonably be expected to have a Material Adverse Effect; (e) any agreement with consideration or other payments in excess of (x) until the Milestone Event has occurred, $2,500,000 per fiscal year and (y) after the Milestone Event has occurred, $5,000,000 per fiscal year and (f) any agreement evidencing Material Indebtedness.

"Material Included Product" means (a) the Initial HAV Product for arterial repair following extremity vascular trauma, (b) the Initial HAV Product for hemodialysis access, (c) the Initial HAV Product for peripheral artery disease, and (d) any other HAV or other product, the sale or licensing of which generates a substantial part of the revenues of Parent and its Subsidiaries as of the date of determination.

"Material Indebtedness" means any Indebtedness with a principal amount in excess of (x) until the Milestone Event has occurred, $2,500,000 and (y) thereafter, $5,000,000.

"Material Patents" has the meaning set forth in Section 3.12(c).

"Milestone Event" means the Company has delivered evidence reasonably satisfactory to Purchaser Agent that total Net Sales of the Included Products in the Covered Territory during any trailing six-month period, which Net Sales arise from bona fide, arm's length sales in the ordinary course of the Included Products to Third Parties, equal or exceed $50,000,000.

"MNPI Notice" has the meaning set forth in Section 5.01.

"MNPI Notice Period" means any period designated as such by Purchaser Agent by written notice to the Obligors. Each MNPI Notice Period will commence on the Business Day immediately following Purchaser Agent's written notice to the Obligors of such MNPI Notice Period (or any later date specified by Purchaser Agent in such notice), and will end immediately upon written notice from Purchaser Agent to the Obligors that such MNPI Notice Period is terminated.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Obligor or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five plan years has made or been obligated to make contributions, or has any liability.

"Net Sales" means, with respect to an Included Product, the aggregate gross invoiced sales prices from sale or disposition of such Included Product by Parent, any Affiliate and any Licensee (provided, however, that, solely with respect to sale or disposition of Included Products by Fresenius or its Related Parties (as defined in the Fresenius Distribution Agreement) pursuant to the Fresenius Distribution Agreement, the Net Sales shall be calculated using 65% of the aggregate gross invoiced sales prices thereof) to Third Parties, less the following deductions without duplication, but solely to the extent included in the gross amount invoiced with respect to such sale or disposition of such Included Product and to the extent such deductions are in accordance with GAAP:

(a) trade, quantity and cash discounts, credits or allowances actually given;

(b) allowances for returns or rejections (due to spoilage, damage, expiration of useful life or otherwise);

(c) freight and insurance, if separately identified on the invoice;

(d) mandatory discounts or rebates imposed by any Governmental Authority against Parent, any Affiliate or any Licensee, as applicable, including any claw-backs or similar pharma taxes directly related to such Included Product and paid directly by Parent, such Affiliate or such Licensee, as applicable, or, in the case of claw-backs related to aggregate sales of Parent, such Affiliate or such Licensee, as applicable, such portion of the claw-back as shall be reasonably determined by Parent, such Affiliate or such Licensee, as applicable, based on the proportion between the share of Net Sales hereunder and aggregate sales of Parent, such Affiliate or such Licensee, as applicable;

(e) Third Party rebates, chargebacks, hospital buying group/group purchasing organization administration fees or managed care organization rebates actually given;

(f) rebates and similar payments made with respect to sales paid for by any Governmental Authority or Regulatory Agency such as federal or state Medicaid, Medicare or similar state program;

(g) value-added tax, sales, use or turnover taxes, excise taxes and customs duties assessed by Governmental Authorities on the sale of such Included Product; and

(h) retroactive price reductions or billing corrections.

In the case of any sale or other disposal for value, such as barter or counter-trade, of an Included Product, or part thereof, other than in an arm's length transaction exclusively for cash, Net Sales shall be calculated as above on the value of the non-cash consideration received or the fair market price (if higher) of such Included Product in the country of sale or disposal, as determined in accordance with GAAP. For the avoidance of doubt, in no event shall any royalties payable to Fresenius or its Affiliates pursuant to the Fresenius Distribution Agreement be deducted in the calculation of Net Sales.

Sales of Included Products between Parent, any Affiliate and/or any Licensee for resale shall be excluded from the computation of Net Sales, provided that the subsequent resale of such Included Products to a Third Party are included in the computation of Net Sales. Transfer, disposal or use of

Included Products, without consideration, for marketing, regulatory, development or charitable purposes, such as clinical trials, compassionate use, named patient use, or indigent patient programs shall not be deemed a sale hereunder.

Solely for purposes of calculating the Revenue Interest Payments, in no event shall Net Sales for any period be less than worldwide net revenue for the Included Products for such period as reported in Parent's financial statements or less than Net Sales as calculated pursuant to the Fresenius Distribution Agreement.

"Net Sales Acceleration Payment" means, as of any date of determination, a one-time payment to each Purchaser in accordance with its Pro Rata Portion of the Revenue Interests, in an amount equal to the Put/Call Price multiplied by a fraction equal to (i) the Third Payment, *divided by* (ii) Cumulative Purchaser Payments as of such date.

"Net Sales Addback Amount" means, as of the date of any Net Sales Acceleration Payment (and prior to giving effect to such Net Sales Acceleration Payment), an amount equal to the (A) Total Revenue Interest Payments as of such date, *multiplied by* (B) a fraction equal to (i) the Third Payment divided by (ii) the Cumulative Purchaser Payments as of such date.

"Net Sales Condition" means, if the Third Purchaser Payment Date has occurred, beginning with the fiscal quarter of Parent ending on December 31, 2025 and with respect to each subsequent fiscal quarter, Parent and its Subsidiaries on a consolidated basis shall achieve trailing six-month Net Sales of Included Products to Third Parties (excluding, for purposes of this definition, Net Sales by Licensees) in the United States in an amount in excess of $10,000,000.

"Obligations" means, without duplication, all obligations of the Obligors in respect of the Revenue Interests, including all obligations to make Revenue Interest Payments, to make the True-Up Payment and to pay the Put/Call Price, and all present and future Indebtedness, taxes, liabilities, obligations, covenants, duties, and debts, Indemnified Liabilities owing by the Obligors to the Purchasers, arising under or pursuant to the Transaction Documents, including all Reimbursable Expenses (and including any interest, fees and other charges that would accrue but for the filing of any bankruptcy action by an Obligor, whether or not such claim is allowed in such bankruptcy action).

"Obligors" means the Company, Parent and each Subsidiary Guarantor.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control and any successor thereto.

"Option Agreement" means that certain Option Agreement, dated as of the date hereof, among Parent and the Purchasers.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement, and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Out-License" means any license or other agreement between Parent, any Affiliate and any Third Party pursuant to which Parent or such Affiliate grants to such Third Party a license or sublicense with respect to, covenant not to sue under, or other similar rights under any Product Intellectual Property. For clarity, the Out-Licenses existing as of the Closing Date include the Fresenius Distribution Agreement.

"Parent" has the meaning set forth in the first paragraph hereof.

"Patent Office" means the respective patent office, including the United States Patent and Trademark Office, the European Patent Office and any comparable patent office in any other jurisdiction, for any Patents.

"Patents" means all issued national, regional and international patents and patent applications (and any patents that issue as a result of those patent applications or from an application claiming priority from any of those and which for the purposes of this Agreement, shall be deemed to include all certificates of invention and applications for certificates of invention) and any renewals, restorations, reissues, reexaminations or other post-grant proceedings, extensions, continuations, continuations-in-part, divisions, revisions, certificates of invention, registrations, revalidations, utility models, supplemental protection certificates, patent term extensions, pediatric exclusivity periods and substitutions relating to any of the issued patents and patent applications, in any jurisdiction.

"Payment Date" means each March 31, June 30, September 30 and December 31, commencing on the first such date to occur following the Closing Date; provided that, if any such date shall occur on a day that is not a Business Day, the applicable Payment Date shall be the immediately preceding Business Day.

"Payment Notice" is that certain form attached hereto as Exhibit C.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a multiple employer plan, but excluding a Multiemployer Plan) that is maintained, sponsored or is contributed to by any Obligor or any ERISA Affiliate, or for which any Obligor or any ERISA Affiliate could be considered an "employer" as defined in Section 3(5) of ERISA, and is either covered by Section 302 or Title IV of ERISA, or is subject to the minimum funding standards under Section 412 of the Code.

"Perfection Certificate" means a perfection certificate signed by an officer of Parent, as updated from time to time (without retroactive effect), subject to the review and approval of Purchaser Agent, in accordance with the terms of this Agreement.

"Permitted Acquisition" means any Acquisition, provided that:

(a) for any Acquisition involving Acquisition Costs in excess of $1,000,000, the Obligors shall have delivered written notice of such Acquisition to the Purchaser Agent, on behalf of the Purchasers, not less than ten (10) Business Days prior to the execution of a definitive agreement for such Acquisition (or such shorter period as may be specified by the Purchaser Agent in its sole discretion)

together with a due diligence package consisting of the Board package(s) provided in connection with such Acquisition, including without limitation, with regard to the Acquisition of the applicable target, business product or In-License (together with any material updates available from time to time prior to the closing of such Acquisition), a summary of the development program for all relevant products, a summary of Intellectual Property related to such product or products, a cash forecast, pro forma for the acquisition (inflows and outflows), a description of the sources and uses for financing the Acquisition, and to the extent available, quarterly and annual audited financial statements of the Person whose Equity Interests or assets are being acquired for the twelve (12) month period immediately prior to such proposed Acquisition;

(b) Purchaser Agent, on behalf of the Purchasers, shall have received, (i) not less than five (5) Business Days prior to the execution of a definitive agreement for such Acquisition (or such shorter period as may be specified by the Purchaser Agent in its sole discretion), drafts of any acquisition agreements, disclosure schedules, and other material agreements related to the Acquisition and (ii) substantially concurrently with the execution of the definitive documentation relating to such Acquisition, fully executed acquisition agreements and other material agreements with all attachments and schedules;

(c) immediately prior to, and after giving effect to such Acquisition, no Put Option Event or event that would, with the passage of time or giving of notice, constitute a Put Option Event shall have occurred and be continuing or would reasonably be expected to result therefrom;

(d) all transactions in connection with such Acquisition shall be consummated, in all material respects, in accordance with Applicable Law;

(e) in the case of the purchase or other acquisition of Equity Interests, (i) all of the Equity Interests (except for any such Equity Interest in the nature of directors' qualifying shares required pursuant to Applicable Law) acquired or otherwise issued by such Person or any newly formed Subsidiary in connection with such Acquisition shall be wholly owned by the Company or a Full Guarantor and (ii) all Persons (other than Excluded Subsidiaries) whose Equity Interests are being acquired shall become Obligors;

(g) (i) prior to the Milestone Event, the aggregate Acquisition Cost that is or may become payable in connection with such Acquisition, either at or before the closing thereof or any time thereafter, combined with the aggregate Acquisition Cost that has or may at any time become payable in connection with all other Permitted Acquisitions entered into during the same fiscal year of Parent, shall not exceed $5,000,000, and (ii) after the Milestone Event, the aggregate Acquisition Cost that is or may become payable in connection with such Acquisition, either at or before the closing thereof or any time thereafter, combined with the aggregate Acquisition Cost that have or may at any time become payable in connection with all other Permitted Acquisitions entered into during the term of this Agreement, shall not exceed 10% of Parent's Market Capitalization (measured, with respect to any particular Permitted Acquisition, as of the trading day immediately preceding the execution of the definitive documentation relating to such Permitted Acquisition);

(h) no Change of Control shall result from such Acquisition;

(i) (I) no breach or contravention of any Key Contract shall result from such transaction and (II) to the extent such Permitted Acquisition is an In-License, such In-License shall not constitute a Restricted License;

(j) such Acquisition shall be consensual and, if required, shall have been approved by the target's board of directors;

(k) the Person whose Equity Interests or business are being acquired shall be engaged in, or the asset acquired shall be used to engage in, or any In-License shall be in relation to, the same line of business as the Company or a business reasonably related, incidental or ancillary thereto, as determined by the reasonable judgment of the Required Purchasers; and

(l) on a pro forma basis for such Acquisition, without regard to any subsequent financing transactions of the Obligors, as demonstrated by projections (taking into account the terms of such transaction and all Acquisition Costs incurred or expected to be incurred in connection with or as a result of, such transaction), the Obligors shall have sufficient liquidity to pay their projected expenses and all debt service when due for a period of twelve (12) months after the consummation of such Acquisition (after giving effect to such Acquisition), as set forth in reasonably detailed projections delivered by the Obligors to the Purchaser Agent at least five (5) Business Days prior to the execution of the definitive agreement for such Acquisition.

Notwithstanding anything to the contrary contained herein, in order for any acquisition of Equity Interests or assets of another Person to constitute a Permitted Acquisition, the Obligors must comply with all of the following: (a) the Obligors shall have delivered to Purchaser Agent and Purchasers, in form and substance satisfactory to Purchaser Agent and Purchasers and sufficiently in advance (and in any case no later than five (5) Business Days prior to such Permitted Acquisition), such other financial information, financial analysis, documentation or other information relating to such Permitted Acquisition and the pro forma certifications required by clause (b) below, in each case, as Purchaser Agent and Purchasers shall reasonably request; and (b) on or prior to the date of such Permitted Acquisition, Purchaser Agent and Purchasers shall have received, in form and substance reasonably satisfactory to Purchaser Agent and Purchasers, a certificate signed by the chief financial officer of Parent certifying compliance with the requirements contained in this definition of "Permitted Acquisition" and with the other terms of the Transaction Documents (before and after giving effect to such Permitted Acquisition).

"Permitted Convertible Notes" means senior subordinated unsecured notes issued by Parent that are convertible into a fixed number (subject to customary anti-dilution adjustments, "make-whole" increases and other customary changes thereto) of common stock of Parent (or other securities or property following a merger event or other change of the common stock of Parent, but for the avoidance of doubt excluding Disqualified Equity Interests); provided, that, (a) no Subsidiary shall guarantee such Permitted Convertible Notes, (b) such Permitted Convertible Notes shall (i) not include any financial maintenance or negative covenants, (ii) have other terms, conditions, covenants and defaults that are, taken as a whole, not more restrictive on Parent and its Subsidiaries than the covenants and defaults set forth in the Transaction Documents and which terms, including conversion, redemption and fundamental change provisions, are customary for public market convertible indebtedness (pursuant to a public offering or an offering under Rule 144A of the Securities Act), (iii) have a cash interest rate of less than the greater of (x) 5.0% per annum and (y) such cash interest rate as the Purchaser Agent, in its sole discretion, shall approve in writing after the Closing Date, upon the request of Parent in light of changes to market interest rates for similar convertible notes, and (iv) permit physical settlement (and cash in lieu of fractional shares) upon conversion (and Parent shall not elect cash or combination settlement upon conversion without the Purchaser Agent's prior written consent), (c) no Put Option Event shall have occurred and be continuing at the time of incurrence of such Permitted Convertible Notes or would reasonably be expected to result therefrom, (d) such Permitted Convertible Notes shall (x) contain subordination terms for underwritten or Rule 144A offerings of senior subordinated convertible notes upon terms to be

acceptable in the Purchaser Agent's sole discretion (it being agreed that terms substantially the same as those set forth on Exhibit E are deemed acceptable by the Purchaser Agent) and (y) specifically designate this Agreement and all Obligations as "designated senior indebtedness" or similar term so that the subordination terms referred to in clause (d) of this definition specifically refer to such notes as being subordinated to the Obligations pursuant to such subordination terms, (e) no scheduled or mandatory principal payments, repayments, prepayments, cash settlements, repurchases, redemptions or sinking fund or like payments (but excluding, for the avoidance of doubt, regularly scheduled cash interest payments) of such Permitted Convertible Notes shall be required at any time on or prior to the stated maturity date thereof (other than upon a "change of control" or "fundamental change", upon the occurrence of an event of default under the indenture governing such indebtedness and "physical settlement" of the conversion obligation upon conversion thereof), and (f) Parent shall have delivered to the Purchaser Agent an officer's certificate signed by a senior executive of Parent certifying as to the foregoing.

"Permitted Indebtedness" means:

(a) Indebtedness owed to the Purchasers and the Purchaser Agent under this Agreement and the other Transaction Documents;

(b) Indebtedness existing on the Closing Date and disclosed on Schedule 5.10(a)(iii) to the Disclosure Letter;

(c) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(d) Indebtedness constituting Permitted Investments under clause (f) thereof;

(e) Guarantees of the Company and its Subsidiaries in respect of Indebtedness and other obligations of the Company and any Subsidiary otherwise permitted hereunder;

(f) Indebtedness incurred by Parent or its Subsidiaries to finance the payment of insurance premiums;

(g) Indebtedness owed to any Person providing worker's compensation, health, disability or other employee benefits or property, casualty or liability insurance to Parent or any Subsidiary incurred in connection with such Person providing such benefits or insurance pursuant to customary reimbursement or indemnification obligations to such Person;

(h) Guarantees (or liabilities as a surety, endorser, accommodation endorser or otherwise) in respect of performance, surety, statutory, appeal or similar obligations incurred in the ordinary course of business but excluding guaranties with respect to any obligations for borrowed money;

(i) Indebtedness in respect of letters of credit in an aggregate amount not to exceed $2,000,000 at any time;

(j) Indebtedness in respect of payment processing services, netting services, overdrafts and related liabilities arising from treasury, depositary and cash management services;

(k) Indebtedness in respect of business credit card programs in an aggregate amount not to exceed $1,000,000 at any time;

(l) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by the Company or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person, provided that (i) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made), and (ii) such Indebtedness is in an aggregate principal amount outstanding at any time not to exceed $1,000,000;

(m) Indebtedness in respect of hedging agreements entered into for bona fide hedging purposes in the ordinary course and not for speculative purposes;

(n) Permitted Convertible Notes;

(o) Indebtedness consisting of obligations in respect (i) of purchase price adjustments in connection with the disposition of assets or acquisition of assets permitted hereunder, (ii) any earn-out, royalty, milestone or other contingent consideration in connection with a Permitted Acquisition, so long as no Put Option Event has occurred and is continuing at the time of the incurrence thereof and (iii) royalties and other obligations in respect of licenses (other than License Agreements) entered into in the ordinary course and otherwise permitted hereunder;

(p) Indebtedness assumed in connection with any Permitted Acquisition in an aggregate principal amount outstanding at any time not to exceed $1,000,000, so long as such Indebtedness was not incurred in connection with, or in anticipation of, such Permitted Acquisition; and

(q) other unsecured Indebtedness not otherwise permitted under clauses (a) through (q) in an aggregate outstanding principal amount not to exceed at any time $1,000,000.

"Permitted Investments" means:

(a) Investments existing on the Closing Date and listed on Schedule 5.10(a)(v) to the Disclosure Letter and any modifications, renewals or extensions thereof so long as the net investment amount is not increased;

(b) Investments consisting of cash and Cash Equivalents;

(c) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of Equity Interests of Parent pursuant to employee stock purchase plans or agreements approved by the Board of Parent in an amount not to exceed $500,000 in any fiscal year of Parent;

(d) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(e) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business;

(f) Investments in the Company or any Subsidiary; provided that Investments by Parent, the Company and the Full Guarantors in Limited Guarantors, and Investments by any Obligor in any Subsidiary that is not an Obligor, shall not exceed $1,000,000 in the aggregate at any time outstanding;

(g) Permitted Acquisitions;

(h) Investments of any Person that (i) becomes a Subsidiary (or of any Person not previously a Subsidiary that is merged or consolidated with or into a Subsidiary in a transaction permitted hereunder) after the Closing Date, or (ii) are assumed after the Closing Date by Parent or any Subsidiary in connection with an acquisition of assets from such Person by Parent or such Subsidiary, in either case, in a Permitted Acquisition; provided, that in each case, any such Investment (w) does not constitute Indebtedness of such Person, (x) exists at the time such Person becomes a Subsidiary of the Company (or is merged or consolidated with or into a Subsidiary of the Company) or such assets are acquired, and (y) was not made in contemplation of or in connection with such Person becoming a Subsidiary (or merging or consolidating with or into a Subsidiary) or such acquisition of assets; and

(i) other Investments in an aggregate amount not to exceed $1,000,000.

"Permitted Licenses" means (a) any Out-License for the Development, Manufacture and/or Commercialization of an Included Product exclusively outside of the United States; provided that (i) such Out-License is not a Restricted License and constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property, and (ii) all upfront payments, royalties, milestone payments or other proceeds arising from such Out-License that are payable to any Obligor or Affiliate are paid to a deposit account that is subject to a Control Agreement; (b) any license granted to any Third Party for the Manufacture of any Included Product or otherwise granted to a vendor or service provider in order to provide services for the benefit of the Obligors or their Affiliates but granting no rights to sell, offer to sell, have sold or otherwise Commercialize any Included Product; (c) intercompany non-exclusive licenses or grants of rights for Development, Manufacture, production, Commercialization (including commercial sales to end users), marketing, sale, research, co-promotion, or distribution among the Obligors and their Subsidiaries; (d) non-exclusive research licenses and other licenses for the use of the property of the Obligors or their Subsidiaries in the ordinary course of business but in each case granting no rights to sell, offer to sell, have sold or otherwise Commercialize any Included Product; (e) any Out-License existing on the Closing Date which is shown on Schedule 5.10(a)(xi) to the Disclosure Letter; and (f) any License Agreement acquired in a Permitted Acquisition so long as such License Agreement was not entered into in connection with, or in anticipation of, such Permitted Acquisition.

"Permitted Liens" means:

(a) Liens in favor of the Purchaser Agent or the Purchasers created by or otherwise existing under or in connection with the Transaction Documents;

(b) Liens in existence as of the date hereof and set forth on Schedule 5.10(a)(iv) to the Disclosure Letter;

(c) Liens imposed by mandatory provisions of law of landlords, carriers, warehousemen, bailees, mechanics and materialmen incurred in the ordinary course of business for sums that are (i) not yet more than sixty (60) days past due or (ii) being contested in good faith by appropriate proceedings;

(d) Liens (other than those imposed by ERISA) incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, insurance, surety bonds, or other obligations of a like nature or to secure the performance of letters of credit, banker's acceptances, bids, tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business;

(e) Liens for Taxes that are not delinquent or remain payable without any penalty or that are being contested in good faith and with due diligence by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP;

(f) (i) banker's Liens for collection or rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with depositary institutions; provided that such deposit accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by Parent or any Subsidiary in excess of those required by applicable banking regulations; and (ii) customary Liens incurred in the ordinary course of business to secure obligations in respect of payment processing services, business credit card programs, and netting services, overdrafts and related liabilities arising from treasury, depositary and cash management services securing maximum amounts not to exceed $1,000,000 at any time outstanding;

(g) Liens on insurance policies, premiums and proceeds thereof, or other deposits, to secure insurance premium financings with respect to unearned premiums and other liabilities to insurance carriers;

(h) Liens securing Indebtedness permitted under clause (j) of the definition of Permitted Indebtedness; provided that (i) such Liens exist prior to the acquisition of, or attach substantially simultaneous with, or within forty-five (45) days after the, acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness and (ii) such Liens do not extend to any property of Parent or any Subsidiary other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(i) Liens on specific items of inventory or other goods (and the proceeds thereof) of the Company or any Subsidiary securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(j) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(k) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(l) Liens consisting of (i) the interests of licensors or lessors, (ii) the interests of licensees in respect of In-Licenses and Permitted Licenses, and (iii) leases or subleases of real or personal property granted in the ordinary course of business;

(m) Liens on deposits or other amounts held in escrow to secure payments (contingent or otherwise) payable by Parent or any Subsidiary with respect to (i) the settlement, satisfaction, compromise or resolution or judgments, litigation, arbitration or other disputes and (ii) any commercial contracts for manufacturing, production and other service arrangements entered into in the ordinary course of business;

(n) Liens on cash deposits securing Indebtedness permitted pursuant to clause (i) of the definition of "Permitted Indebtedness"; provided that the amount of such cash deposits in respect of any letter of credit does not exceed 105% of the face amount thereof;

(o) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting a Put Option Event;

(p) Liens existing on assets or properties at the time of its acquisition or existing on the assets or properties of any Person at the time such Person becomes a Subsidiary, in each case after the Closing Date; provided that (i) neither such Lien was created nor the Indebtedness secured thereby was incurred in contemplation of such acquisition or such Person becoming a Subsidiary, (ii) such Lien does not extend to or cover any other assets or properties (other than the proceeds or products thereof and other than after-acquired assets or properties subject to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that requires, pursuant to its terms and conditions in effect at such time, a pledge of after-acquired assets or properties, it being understood that such requirement shall not be permitted to apply to any assets or properties to which such requirement would not have applied but for such acquisition) and (iii) the Indebtedness and other obligations secured thereby constitutes Permitted Indebtedness;

(q) servitudes, easements, rights-of-way, restrictions and other similar encumbrances on real property imposed by Applicable Laws and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor defects or other irregularities in title which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any Obligor or any Subsidiary of any Obligor; and

(r) to the extent constituting a Lien, escrow arrangements securing indemnification obligations associated with any Permitted Acquisition.

"Permitted Priority Liens" means Permitted Liens identified in clauses (b), (c), (d), (e), (f), (h), (k), (m), (n), (p), (q) or (r) of the definition thereof.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, but not including a government or political subdivision or any agency or instrumentality of such government or political subdivision.

"PHSA" means the United States Public Health Service Act, as amended from time to time, together with any regulations promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of Parent or any of its Subsidiaries, or any such plan to which Parent or any of its Subsidiaries required to contribute on behalf of any of its employees or with respect to which Parent or such Subsidiary has any liability.

"Press Release" means a press release mutually agreed upon by the Obligors and Purchaser Agent in respect of the transactions contemplated by the Transaction Documents.

"Prime Rate" means, for any day, the per annum rate of interest in effect for such day quoted by the Wall Street Journal as the "prime rate".

"Pro Rata Portion" means, with respect to any Purchaser, the sum of the unfunded Purchaser Commitment of such Purchaser and Purchaser Payments made by such Purchaser divided by the sum of all unfunded Purchaser Commitments and all Purchaser Payments made by the Purchasers.

"Product Assets" means (a) all Product Intellectual Property, (b) each Key Contract, (c) each Material Contract in any way related to Included Products, (d) all Regulatory Approvals, (e) all inventory of Included Products and any raw materials and work-in-process relating thereto, (f) all accounts receivables and payment intangibles arising out of sales of any Included Product or licenses of any Product Intellectual Property, (g) all other assets primarily related to any Included Product and that are owned by, licensed to, or otherwise Controlled by Parent or any Subsidiary, (h) any other assets that are owned by, licensed to, or otherwise Controlled by Parent or any Subsidiary that are reasonably necessary for the Development, Commercialization, Manufacture, formulation, use, or sale of any Included Products, the absence of which could reasonably be expected to cause a Material Adverse Effect, (i) all books and records of Parent or any Subsidiary that at any time evidence or contain information relating to any of the foregoing or are otherwise necessary or helpful in the collection or realization thereof and (j) all proceeds and products of any of the foregoing.

"Product Intellectual Property" means all Intellectual Property that is necessary or reasonably useful for the Development, Commercialization, and/or Manufacture, or other exploitation, of any Included Product that is owned, licensed or otherwise controlled by any Obligor as of the Closing Date or acquired by an Obligor thereafter, including, without limitation, the Patents identified in Schedule 3.12(a) to the Disclosure Letter.

"Purchaser" has the meaning set forth in the first paragraph hereof.

"Purchaser Agent" has the meaning set forth in the first paragraph hereof.

"Purchaser Commitment" means, with respect to any Purchaser, the commitment of such Purchaser to purchase the Revenue Interests and pay the Purchaser Payments in an aggregate amount equal to the amount set forth opposite such Purchaser's name on Schedule 1.01(b) to the Disclosure Letter.

"Purchaser Payments" means each of the First Payment, the Second Payment, the Third Payment and the Fourth Payment.

"Put Notice" has the meaning set forth in Section 5.07(a).

"Put Option" has the meaning set forth in Section 5.07(a).

"Put Option Closing Date" has the meaning set forth in Section 5.07(a).

"Put Option Event" means any one of the following events:

(a) any Bankruptcy Event;

(b) the Company fails to make (i) any payment of the Put/Call Price or the Net Sales Acceleration Payment when due, or (ii) any other payment when due under Section 2.02 of this Agreement or under the other Transaction Documents; provided, with respect to this clause (ii), that no more than three times during the Term, such failure shall not constitute a Put Option Event if the Company makes such payment within two Business Days of the applicable due date;

(c) a Material Adverse Effect (other than a Material Adverse Effect under clause (f) of the definition thereof);

(d) any representation, warranty or statement made or deemed made by or on behalf of any Obligor in or in connection with any Transaction Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Transaction Document or any amendment or modification hereof or thereof, shall: (i) prove to have been incorrect when made or deemed made to the extent that such representation, warranty or statement contains any materiality or Material Adverse Effect qualifier; or (ii) prove to have been incorrect in any material respect when made or deemed made to the extent that such representation, warranty or statement does not otherwise contain any materiality or Material Adverse Effect qualifier;

(e) (i) Parent or any Subsidiary breaches in any respect any term, covenant or agreement in any Transaction Document (other than a breach of either (1) the Option Agreement or (2) this Agreement under Section 5.01, Section 5.02 or Section 5.10), which such breach, if capable of cure, is not cured within fifteen (15) Business Days of the occurrence thereof, or (ii) Parent or any Subsidiary breaches Section 5.01, Section 5.02 or Section 5.10 of this Agreement;

(f) if any Permitted Convertible Notes are outstanding at such time, the earlier of (i) 181 days prior to the maturity date of such Permitted Convertible Notes and (ii) the occurrence of any "fundamental change," "event of default" or similar event under the terms of such Permitted Convertible Notes giving the holders thereof the right to require the repurchase of, or to accelerate, such Permitted Convertibles Notes;

(g) any Change of Control;

(h) there is a default in any agreement to which Parent or any of its Subsidiaries is a party with any Third Party that could entitle or permit such Third Party, after the giving of notice or the expiration of any applicable grace periods, to accelerate the maturity of any Material Indebtedness (even if such Third Party is restricted from accelerating the maturity of such Indebtedness, including pursuant to the terms of a subordination or other similar agreement);

(i) one or more judgments, orders, or awards (or any settlement of any claim that, if breached, could result in a judgment, order or award) for the payment of money in an amount, individually or in the aggregate, of at least $2,500,000 shall be rendered against Parent or any of its Subsidiaries and shall remain unsatisfied, unvacated or unstayed for a period of forty-five (45) days after the entry thereof; provided, however, that any such judgment, order, award or settlement shall not give rise to a Put Option Event under this clause (i) if and for so long as (A) the amount of such judgment, order, award or settlement is covered by a valid and binding policy of insurance between the defendant and the insurer covering full payment thereof and (B) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment, order, award or settlement;

(j) Parent shall fail to issue and deliver, and consummate the sale by Parent and the purchase by the Purchasers of, the Shares upon the exercise by the Purchasers of the Share Purchase Option in accordance with the Option Agreement; and

(k) Parent's common stock is no longer listed or admitted for trading on the Nasdaq Capital Market, the Nasdaq Global Select Market, the Nasdaq Global Market or the New York Stock Exchange (or any nationally recognized securities exchange that is a successor to any of the foregoing) and, solely in the case of a voluntary delisting of Parent's common stock that is not effected as a result of the failure,

or expected failure, to meet applicable listing criteria, Parent's common stock continues to not be so listed or admitted for longer than fifteen (15) consecutive Business Days from the occurrence thereof (it being agreed that if Parent's common stock is no longer so listed or admitted for any other reason, an immediate Put Option Event shall occur).

"Put/Call Price" means, as of any date of determination:

(a) on or prior to the date that is fifteen months from the Closing Date, (A) if the Purchasers have exercised the Put Option and a Change of Control has not occurred, an amount equal to 125.0% of the Cumulative Purchaser Payments and (B) if the preceding clause (A) does not apply, an amount equal to 175.0% of the Cumulative Purchaser Payments;

(b) after the date that is fifteen months from the Closing Date and on or prior to the third anniversary of the Closing Date, an amount equal to 175.0% of the Cumulative Purchaser Payments; and

(c) after the third anniversary of the Closing Date, an amount equal to 195.0% of the Cumulative Purchaser Payments;

minus, in each case, the Total Revenue Interest Payments as of such date; provided that the Put/Call Price shall not be less than zero.

"Qualified Equity Interests" of any Person means Equity Interests of such Person that are not Disqualified Equity Interests.

"Quarterly Report" has the meaning set forth in Section 5.02(a)(iii).

"Recipient" means (a) Purchaser Agent, or (b) any Purchaser.

"Reconciliation Report" means, with respect to the relevant calendar quarter or calendar year, (a) a report showing Net Sales for the Included Products for such calendar period, reconciled, in each case, to the most applicable line item in Parent's statements of operations for the applicable calendar period and (b) a reconciliation of all payments made by the Company to the Purchasers pursuant to this Agreement during such calendar period. The Reconciliation Report for a calendar year shall also include the foregoing information with respect to the fourth quarter of such calendar year.

"Regulatory Agency" means the FDA and any other Governmental Authority with responsibility for the approval of the marketing and sale of pharmaceuticals or biologics or other regulation of pharmaceuticals or biologics.

"Regulatory Approval" means all approvals (including, without limitation, where applicable, Drug Approval Applications, pricing and reimbursement approval, labeling approval and schedule classifications), licenses, registrations, certificates, permits or authorizations (including, without limitation, pre- and post-approval Marketing Authorizations) of any Governmental Authority necessary for the manufacture, use, storage, import, export, transport, offer for sale, or sale of each Included Product, together with all amendments, supplements and updates thereto and all benefits arising therefrom, including any orphan drug exclusivities or other non-patent exclusivities.

"Regulatory Filings" means all applications, filings, dossiers and the like submitted to a Regulatory Agency for the purpose of obtaining Regulatory Approval from that Regulatory Agency. Regulatory Filings shall include, but not be limited to, all Drug Approval Applications.

"Regulatory Updates" means material information and developments with respect to any Regulatory Filing.

"Reimbursable Expenses" means all costs and expenses (including attorneys' fees and expenses, as well as appraisal fees, consulting fees, advisory fees, fees incurred on account of lien searches, inspection fees and filing fees) incurred as a result of or arising from or relating to or in connection with preparing, amending, executing, negotiating, administering, defending and enforcing the Transaction Documents (including, without limitation, those incurred in connection with appeals or any Bankruptcy Event) or otherwise incurred by the Purchaser Agent and/or the Purchasers in connection with the Transaction Documents.

"Required Purchasers" means the Purchasers whose aggregate Pro Rata Portions exceed 50%.

"Restricted License" means any License Agreement (i) under which a default or of which a termination could reasonably be expected to interfere with Purchaser Agent's right to sell any Collateral, (ii) that provides for or results in the legal transfer of any title in or to any Intellectual Property, (iii) that cannot be collaterally assigned to secure the Obligations or otherwise contains provisions that restrict or penalize the granting of a security interest in or Lien on such License Agreement or the related Intellectual Property or, if entered into after the Closing Date, does not recognize the collateral assignment thereof to secure the Obligations, (iv) that restricts assignment of such License Agreement to the applicable purchaser upon the sale or other disposition of all or substantially all of the assets to which such License Agreement relates (other than customary provisions requiring the assumption by the applicable purchaser of all obligations under such License Agreement), or (v) that does not permit the disclosure of information to be provided thereunder to Purchaser Agent and the Purchasers, to any purchaser or prospective purchaser in a foreclosure or other Transfer of all or any portion of the Collateral (subject to customary confidentiality obligations). It is agreed that none of the Key Contracts, as in effect on the date hereof, shall be considered Restricted Licenses.

"Restricted Payments" means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of any Person or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of (i) any shares (or equivalent) of any class of Equity Interests of any Person or any of its Subsidiaries, now or hereafter outstanding or (ii) any call option on any shares (or equivalent) of any class of Equity Interests or any Person or any of its Subsidiaries (irrespective of whether such call option can be cash, net share or physically settled), (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of any Person or any of its Subsidiaries, now or hereafter outstanding and (d) any payment made in cash to the holders of Permitted Indebtedness which is in excess of the original principal (or notional) amount thereof, interest thereon and any fees due thereunder.

"Revenue Interest Payments" means, with respect to each calendar quarter during the Revenue Interest Period, the amount payable by the Company to the Purchasers equal to the Net Sales of all Included Products in the Covered Territory during such calendar quarter multiplied by the Applicable Percentage, subject to the terms and conditions set forth in this Agreement; provided, with respect to any calendar quarter, that the Total Revenue Interest Payments will not exceed the Cap Amount applicable at such time.

"Revenue Interest Period" means the period from and including the Closing Date through and including the date on which the Purchasers have received Total Revenue Interest Payments equal to the

applicable Cap Amount as of such date, unless earlier terminated upon the indefeasible payment of the Put/Call Price pursuant to (i) the Purchasers' exercise, or deemed automatic exercise, of the Put Option in accordance with Section 5.07(a) or (ii) the Company's exercise of the Call Option in accordance with Section 5.07(b).

"Revenue Interests" means all of the Obligors' right, title and interest in and to that portion of the accounts and payment intangibles arising out of sales and licenses of the Included Products and the Product Assets equal to the Revenue Interest Payments for each calendar quarter (or portion thereof) during the Revenue Interest Period.

"Safety Notices" means any recalls, field notifications, market withdrawals, warnings, "dear doctor" letters, investigator notices, safety alerts or other notices of action issued or instigated by Parent, any Affiliate or any Governmental Authority relating to an alleged lack of safety or regulatory compliance of any Included Product.

"Sales Goal" means total Net Sales of the Initial HAV Product in the Covered Territory during any trailing three-month period, which Net Sales arise from bona fide, arm's length sales in the ordinary course of the Initial HAV Product to Third Parties, equal or exceed $35,000,000 on or prior to December 31, 2025.

"Sanctions" has the meaning set forth in Section 3.22(a).

"Sanctions Authority" means the U.S. government (including U.S. Department of Treasury Office of Foreign Assets Control and the U.S. Department of State), the United Nations Security Council, His Majesty's Treasury, the European Union, any European Union member state or any other applicable sanctions authority.

"SEC" means the Securities and Exchange Commission or any successor federal agency thereto.

"Second Payment" means $20,000,000, which shall be paid by the Purchasers on the Second Purchaser Payment Date in accordance with Section 2.03(a)(ii).

"Second Payment Date Disclosure Notice" means a notice delivered by the Obligors on or prior to the Second Purchaser Payment Date, which shall detail any exceptions to the making of representations and warranties by the Obligors as of the Second Purchaser Payment Date required in the judgment of the Obligors to make the representations and warranties in connection with the Second Payment comply with Section 2.03(b)(v)(A).

"Second Purchaser Payment Date" means the date specified in the Payment Notice with regards to the Second Payment (or such earlier date as may be agreed by Purchaser Agent and the Purchasers in their sole discretion).

"Secured Parties" has the meaning set forth in the Security Agreement.

"Security Agreement" means the Security Agreement among Parent, the Company, each Subsidiary Guarantor and the Purchaser Agent providing for, among other things, the grant by the Obligors in favor of the Purchaser Agent, for the benefit of the Secured Parties, of a valid continuing, perfected first priority (subject to Permitted Priority Liens) Lien on and security interest in the Collateral described therein, which Security Agreement shall be substantially in the form of Exhibit D.

"Share Purchase Option" means the Option (as defined in the Option Agreement) granted by Parent to Purchasers pursuant to Section 1(a) of the Option Agreement.

"Shares" means the Shares (as defined in the Option Agreement) issued or issuable to the Purchasers upon the exercise of the Share Purchase Option pursuant to and in accordance with the Option Agreement.

"Subsidiary" means with respect to any Person (i) any corporation of which the outstanding Equity Interests having at least a majority of votes entitled to be cast in the election of directors under ordinary circumstances is at the time owned, directly or indirectly, by such Person or (ii) any other Person of which at least a majority voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person. Unless the context otherwise requires, "Subsidiary" refers to a direct or indirect Subsidiary of Parent.

"Subsidiary Guarantor" means any Subsidiary is a guarantor of the Obligations under the Guaranty (or under another guaranty agreement in form and substance satisfactory to the Purchaser Agent) and has granted to the Purchaser Agent, on behalf of the Purchasers, a Lien upon and security interest in its right, title and interest in, to and under the Collateral pursuant to the Security Agreement or other Transaction Document. No Excluded Subsidiary shall be required to become a Subsidiary Guarantor.

"Tax" or "Taxes" means any federal, state, local or foreign tax, levy, impost, duty, assessment, fee, deduction or withholding or other charge, including all excise, sales, use, value added, transfer, stamp, documentary, filing, recordation and other fees imposed by any taxing authority (and interest, fines, penalties and additions related thereto).

"Tax Return" means any report, return, form (including elections, declarations, statements, amendments, claims for refund, schedules, information returns or attachments thereto) or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes.

"Term" has the meaning set forth in Section 6.01.

"Test Date" means the last Business Day of the final calendar quarter during calendar year 2028.

"Third Party" means any Person other than the Purchaser Agent, any Purchaser, Parent, the Company or any Subsidiary; provided, that, for purposes of the Net Sales definition, "Third Party" means any Person other than the Company, its Affiliates and any Licensee.

"Third Party Claim" means any claim, action, suit or proceeding by a Third Party, excluding any lender, officer, directors, employee or agent or other representative of a party to this Agreement, including any investigation by any Governmental Authority.

"Third Payment" means $40,000,000, which shall be paid by the Purchasers on the Third Purchaser Payment Date in accordance with Section 2.03(a)(iii).

"Third Purchaser Payment Date" means the date specified in the Payment Notice with regards to the Third Payment (or such earlier date as may be agreed by Purchaser Agent and the Purchasers in their sole discretion).

"Total Revenue Interest Payments" means, as of any date of determination, the aggregate amount of all Revenue Interest Payments and any True-Up Payment indefeasibly paid by the Company and actually received by the Purchasers pursuant to this Agreement; provided that from and after the payment of the Net Sales Acceleration Payment, Total Revenue Interest Payments shall exclude the Net Sales Addback Amount.

"Transaction Documents" means, collectively, this Agreement, each Guaranty, the Security Agreement, the Disclosure Letter, the Control Agreements, each intellectual property security agreement, any mortgages, deeds of trust or deeds to secure debt that encumbers real property, any foreign collateral documents or other collateral documents or subordination agreements entered into in connection with this Agreement, the Perfection Certificate, each Compliance Certificate, each Payment Notice, the Option Agreement, and any related ancillary documents or agreements, in each case, for the benefit of the Secured Parties in connection with this Agreement, all as amended, amended and restated, supplemented or otherwise modified from time to time.

"Transfer" means the sale, conveyance, transfer, license, sublicense, lease or other disposition of any property, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"True-Up Payment" has the meaning set forth in Section 2.02(b).

"UCC" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"UCC Financing Statements" means the UCC-1 financing statements, in form and substance reasonably satisfactory to the Purchaser Agent, that shall be filed by the Purchaser Agent at or promptly following the Closing Date, as well as any additional UCC-1 financing statements or amendments thereto as reasonably requested from time to time, to perfect the Purchaser Agent's security interest in the Collateral.

"United States" means the United States of America.

"Yale License Agreements" refers, collectively, to (i) that certain Exclusive License Agreement, dated as of August 8, 2019, as amended, by and between Yale University and the Company in respect of an invention entitled "Bioartificial Vascular Pancreas (BVP)" and patents related thereto and (ii) that certain Exclusive License Agreement, dated as of August 25, 2019, as amended, by and between Yale University and the Company in respect of a jointly-owned invention entitled "Tubular Prostheses" and patents related thereto.

ARTICLE II

PURCHASE OF REVENUE INTERESTS; PAYMENTS

Section 2.01 Purchase of Revenue Interests.

(a) Upon the terms and subject to the conditions set forth in this Agreement, the Company agrees to sell, assign and transfer to each Purchaser, and each Purchaser agrees to purchase and accept from the Company, free and clear of all Liens, such Purchaser's Pro Rata Portion of the Revenue Interests. The Purchasers' interest in the Revenue Interests shall vest immediately upon the Company's receipt of payment of the First Payment pursuant to Section 2.03, subject to the termination provisions of Section 6.01.

(b) The Obligors hereby consent to the Purchaser Agent recording and filing, at the Company's sole cost and expense, the UCC Financing Statements and other financing statements in the appropriate filing offices under the UCC (and continuation statements with respect to such financing statements when applicable) and any other notices of security or notices of charge meeting the requirements of Applicable Law in such manner and in such jurisdictions as are necessary or appropriate to perfect the assignment to the Purchasers of the Revenue Interests and the Liens in the Collateral granted to the Purchaser Agent under the Security Agreement.

Section 2.02 Payments by the Company.

(a) Payments in Respect of the Revenue Interests.

(i) In consideration of the Purchaser Payments made by the Purchasers, the Purchasers shall be entitled to receive, and the Company shall pay to the Purchasers, on each applicable Payment Date, the Revenue Interest Payments during the Revenue Interest Period and, upon the exercise (or deemed exercise) by the respective party of the Call Option or the Put Option, as the case may be, the Put/Call Price in respect thereof.

(ii) With respect to each calendar quarter commencing with the first Payment Date, the Company shall pay to the Purchasers, the Revenue Interest Payment for such calendar quarter on the Payment Date at the end of such calendar quarter with Net Sales for such payment to be calculated using the Company's good faith estimate of gross cash receipts for such calendar quarter; provided that all payments in respect of any calendar quarter shall be subject to reconciliation based on (A) the final Net Sales for the applicable calendar quarter on the Payment Date for the subsequent calendar quarter and (B) the final Net Sales for the applicable calendar year in which such calendar quarter occurs based on the audited financial statements for such calendar year on the Payment Date for the first calendar quarter of the subsequent calendar year, in each case of (A) and (B), with such reconciliation to be prepared by the Company and delivered to the Purchasers and the Purchaser Agent in the form of a Reconciliation Report in accordance with Section 5.02(b)(i). With respect to each reconciliation, any overpayments shall be credited against, and any underpayments shall be added to, the subsequent payments in respect of the Revenue Interests. For the avoidance of doubt, the Purchasers shall not be required to refund any Revenue Interest Payments.

(b) True-Up Payment. If, as of the Test Date, the Total Revenue Interest Payments are less than 100% of the Cumulative Purchaser Payments, then the Company will, on the Test Date, make a one-time payment to each Purchaser in accordance with its Pro Rata Portion of the Revenue Interests, by wire transfer of immediately available funds to the account or accounts designated by such Purchaser, in an amount equal to 100% of the Cumulative Purchaser Payments as of the Test Date less the Total Revenue Interest Payments as of the Test Date (such amount, the "True-Up Payment").

(c) Reimbursable Expenses. The Company shall pay to the Purchaser Agent all Reimbursable Expenses (including attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Closing Date, when due. It is the intention of the parties hereto that the Company shall pay Reimbursable Expenses directly; provided that, at the discretion of the Purchasers, Reimbursable Expenses may be deducted from the Purchaser Payments to the extent invoiced at least two (2) Business Days (or one (1) Business Day in the case of the First Payment) prior to such Purchaser Payment. In the event the Purchaser Agent or any Purchaser pays any of such expenses directly, the Company will promptly reimburse the Purchaser Agent or such Purchaser for such expenses.

(d) Payment Procedure; Currency Conversion. Any payments to be made by the Obligors to the Purchasers hereunder or under any other Transaction Document shall be made in United States dollars by wire transfer of immediately available funds. All Revenue Interest Payments and other payments by the Obligors (other than payments in respect of Reimbursable Expenses and indemnification obligations pursuant to Section 8.04) shall be made to each Purchaser in accordance with its Pro Rata Portion. If any currency conversion shall be required in connection with the calculation of amounts payable hereunder, such conversion shall be made using the average of the buying and selling rates on the last five (5) Business Days of the calendar quarter to which such amounts pertain, as published by The Wall Street Journal, Internet Edition at www.wsj.com.

(e) Late Payments. All Revenue Interests and any other Obligations required to be paid to the Purchasers on each Payment Date but not paid when due (other than good faith underpayments subject to reconciliation pursuant to Section 2.02(a)(ii)) shall bear interest at a rate of the Prime Rate plus five percent (5.00%) per annum (calculated on the basis of a three hundred sixty (360) day year and actual days elapsed) from the due date until paid in full or, if less, the maximum interest rate permitted by Applicable Law.

(f) Net Sales Acceleration Payment.

Immediately upon the Obligors becoming aware that the Net Sales Condition, if applicable for any fiscal quarter, will not be satisfied for such quarter, the Obligors shall notify Purchaser Agent in writing. Following receipt of such notice, or if the Compliance Certificate delivered hereunder with respect to such fiscal quarter fails to demonstrate that the Obligors have satisfied the Net Sales Condition for such quarter, then within sixty (60) days of receipt of such notice or Compliance Certificate, as applicable, the Purchasers, or the Purchaser Agent on behalf of the Purchasers, will have the option by delivering written notice to the Obligors to require the Company to make the Net Sales Acceleration Payment to the Purchasers within three (3) Business Days of the Purchaser Agent's delivery of such notice by wire transfer of immediately available funds to the account or accounts designated by the Purchaser Agent.

Section 2.03 Purchaser Payments; Conditions Precedent.

(a) Purchaser Payments. In each case subject to the applicable conditions precedent in clause (b), which may be waived by the Required Purchasers in their sole discretion:

(i) On the Closing Date, each Purchaser shall pay to the Company, and the Company shall accept, such Purchaser's Pro Rata Portion of the First Payment (less any then unpaid Reimbursable Expenses) by wire transfer of immediately available funds.

(ii) On the Second Purchaser Payment Date, each Purchaser shall pay to the Company, and the Company shall accept, such Purchaser's Pro Rata Portion of the Second Payment (less any then unpaid Reimbursable Expenses) by wire transfer of immediately available funds.

(iii) On the Third Purchaser Payment Date, at the Company's option, each Purchaser shall pay to the Company, and the Company shall accept, such Purchaser's Pro Rata Portion of the Third Payment (less any then unpaid Reimbursable Expenses) by wire transfer of immediately available funds.

(iv) On the Fourth Purchaser Payment Date, at the Company's option, each Purchaser shall pay to the Company, and the Company shall accept, such Purchaser's Pro Rata Portion of the Fourth Payment (less any then unpaid Reimbursable Expenses) by wire transfer of immediately available funds.

(b) Conditions Precedent.

(i) Conditions Precedent to the Closing Date and First Payment. Parent, the Company and each other Obligor, as applicable, shall have delivered to the Purchaser Agent:

(A) this Agreement, the Security Agreement, and the Guaranty, duly executed by each applicable Obligor;

(B) an irrevocable Payment Notice in respect of the First Payment;

(C) a secretary's certificate executed by an officer of each Obligor attaching certified organizational documents, certificates of good standing and incumbency certificates of each Obligor and resolutions of the governing body of each Obligor authorizing such Obligor to enter into the Transaction Documents and perform the transactions contemplated thereby;

(D) UCC Financing Statements in proper form for filing against each Obligor;

(E) short-form security agreements in respect of the Intellectual Property of each Obligor;

(F) one or more legal opinions of counsel to the Obligors;

(G) all consents required (if any) by the Obligors under any Material Contracts, Applicable Law, the organizational documents of the Obligors and Governmental Authorities;

(H) a completed Perfection Certificate, duly executed by Parent;

(I) the Option Agreement, duly executed by Parent;

(J) copies of all Material Contracts and all amendments of such Material Contracts as of and through the Closing Date;

(K) a payoff letter in respect of the Existing Indebtedness in form and substance satisfactory to Purchaser Agent;

(L) evidence that (i) all Liens (other than Permitted Liens), including the Liens securing the Existing Indebtedness, will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including without limitation any financing statements, control agreements and/or landlord consents and bailee waivers, have or will, concurrently with the making of the First Payment on the Closing Date, be terminated;

(M) such other items as the Purchaser Agent may reasonably request, in each case in form and substance satisfactory to the Purchaser Agent and duly executed by all parties thereto.

(ii) Conditions Precedent to the Second Payment.

(A) The First Payment shall have occurred;

(B) The FDA Application Acceptance Date shall have occurred on or prior to March 31, 2024; and

(C) If the Obligors elect to deliver a Second Payment Date Disclosure Notice, such Second Payment Date Disclosure Notice shall be satisfactory to the Purchaser Agent and the Purchasers in their sole discretion.

(iii) Conditions Precedent to the Third Payment.

(A) The First Payment and Second Payment shall have occurred; and

(B) The FDA Approval Date shall have occurred on or prior to December 31, 2024.

(iv) Conditions Precedent to the Fourth Payment.

(A) The First Payment, Second Payment and Third Payment shall have occurred; and

(B) The Obligors shall have delivered to Purchaser Agent evidence of the achievement of the Sales Goal, together with any information requested by Purchaser Agent, and Purchaser Agent shall have been satisfied in its reasonable discretion that the Sales Goal has been achieved.

(v) Conditions Precedent to each Purchaser Payment.

(A) The representations and warranties in Article III hereof shall be true, accurate and complete in all material respects on the date of the Payment Notice and on the date of the applicable payment (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof); provided, further, that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof); provided, further, that solely in respect of the Second Payment, such representations and warranties shall be qualified by the matters disclosed in the Second Payment Date Disclosure Notice;

(B) No Put Option Event shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the giving of notice or passage of time, would constitute a Put Option Event;

(C) To the extent not deducted from the applicable Purchaser Payment, the Company shall have paid all Reimbursable Expenses then due in accordance with Section 2.02(c);

(D) With respect to the Second Payment, Third Payment and Fourth Payment, by 12:00 noon Eastern time fifteen (15) Business Days (or such shorter period as may be determined by Purchaser Agent and the Purchasers in their sole discretion) prior to the Second Purchaser Payment Date, Third Purchaser Payment Date or Fourth Purchaser Payment Date, as applicable, the Company shall have delivered to Purchaser Agent a duly executed Payment Notice;

(E) Each of Purchaser Agent and the Purchasers determine to its satisfaction that there has not been any material impairment in the general affairs, management, results of operation or financial condition of the Obligors or the prospect of repayment of the Obligations;

(F) Parent shall have provided (i) updates to the information in the Perfection Certificate since the Closing Date or the most recent update thereto and (ii) all financial statements, reports or notices required to have been delivered under the Transaction Documents, including Section 5.02 of this Agreement;

(G) Parent and the Company shall have delivered to Purchasers Agent an officer's certificate certifying as to the conditions in Section 2.03(b)(v)(A) and (B); and

(H) The Purchaser Commitments shall not have expired.

The Purchaser Commitments shall terminate to the extent funded and shall terminate on the earliest of (x) with respect to Purchaser Commitments to make the Second Payment, the earlier of (A) the Second Purchaser Payment Date and (B)(1) if the FDA Application Acceptance Date has not occurred on or prior to March 31, 2024, March 31, 2024 or (2) if the FDA Application Acceptance Date has occurred on or prior to March 31, 2024, the date which is fifteen (15) Business Days after the FDA Application Acceptance Date, (y) with respect to Purchaser Commitments to make the Third Payment, the earlier of (A) the Third Purchaser Payment Date and (B)(1) if the FDA Approval Date has not occurred on or prior to December 31, 2024, December 31, 2024 or (2) if the FDA Approval Date has occurred on or prior to December 31, 2024, the date which is fifteen (15) Business Days after the FDA Approval Date, and (z) with respect to Purchaser Commitments to make the Fourth Payment, the earlier of (A) the Fourth Purchaser Payment Date and (B)(1) if the Sales Goal has not been met on or prior to December 31, 2025, December 31, 2025 or (2) if the Sales Goal has been met on or prior to December 31, 2025, the date which is fifteen (15) Business Days after the date the Sales Goal is met.

Notwithstanding the foregoing and anything else to the contrary herein, (A) Purchaser Agent and the Purchasers may at any time in their sole discretion, by written notice to the Company, designate the Second Purchaser Payment Date and fund the Second Payment, as applicable, on such date, and (B) in connection with any Second Payment not requested by the Company, the Obligors may at their option deliver a Second Payment Date Disclosure Notice.

(c) Post-Closing Items.

(i) Within forty-five (45) days of the Closing Date (or such longer period as the Purchaser Agent may agree in its sole discretion), the Obligors shall deliver duly executed

Control Agreements in respect of each of the deposit accounts and securities accounts of such Obligor (other than Excluded Accounts) in existence on the Closing Date.

(ii) Without limiting the application of Section 5.06(e), within ninety (90) days of the Closing Date, Parent and its Subsidiaries shall hold all of their cash and Cash Equivalents in bank accounts maintained at Globally Systemically Important Banks, unless otherwise permitted under Section 5.06(e).

(iii) Within sixty (60) days of the Closing Date (or such longer period as the Purchaser Agent may agree in its sole discretion), each Obligor shall use commercially reasonable efforts to obtain a landlord waiver and collateral access agreement, as applicable with regard to each of the Obligors' locations set forth in the Perfection Certificate as of the Closing Date .

(iv) Within two (2) Business Days of the Closing Date, the Company shall deliver to Purchaser Agent a permanent record, in form reasonably satisfactory to Purchaser Agent, of all documents and materials uploaded to the Data Room related to the transactions contemplated by this Agreement prior to the Closing Date (e.g., a USB drive containing copies of such documents and deliverables).

(v) Within 90 days following the Closing Date (or such longer period as the Purchaser Agent may agree in its sole discretion), the Obligors will deliver an executed leasehold mortgage in favor of the Purchaser Agent for the benefit of the Purchasers with respect to 2525 E NC Hwy 54, Durham, NC 27713.

(d) For the avoidance of doubt, each of the conditions precedent in Section 2.03 may be waived by the Required Purchasers in their sole discretion.

Section 2.04 No Assumed Obligations.

Notwithstanding any provision in this Agreement or any other writing to the contrary, the Purchasers are acquiring only the Revenue Interests and are not assuming any liability or obligation of Parent, the Company or any Affiliate of whatever nature, whether presently in existence or arising or asserted hereafter, whether under any Transaction Document or otherwise. All such liabilities and obligations shall be retained by and remain obligations and liabilities of Parent, the Company or their Affiliates (the "Excluded Liabilities").

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Parent and the Company hereby represent and warrant to the Purchaser Agent and the Purchasers, as of the Closing Date, the Second Purchaser Payment Date, the Third Purchaser Payment Date and the Fourth Purchaser Payment Date, as applicable, the following:

Section 3.01 Organization.

Each Obligor is a corporation or limited liability company, as applicable, duly organized, duly incorporated, validly existing, and (to the extent the concept is applicable in such jurisdiction) in good standing under the laws of its respective jurisdiction of organization. Each Obligor has all requisite corporate or limited liability company power, licenses, authorizations, consents and approvals required to carry on its respective business as now conducted and as proposed to be conducted in connection with the

transactions contemplated by the Transaction Documents. Each Obligor is duly qualified to do business as a foreign corporation or foreign limited liability company, as applicable, and (to the extent the concept is applicable in such jurisdiction) is in good standing, in each case in every jurisdiction (other than its jurisdiction of organization) in which the failure to do so would be reasonably expected to have a Material Adverse Effect. As of the Closing Date, the Subsidiaries of Parent are listed on Schedule 3.01 to the Disclosure Letter.

Section 3.02 Authorization.

Each Obligor has all requisite corporate or limited liability company power and authority to execute and deliver, and perform its obligations under, this Agreement, the Security Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereunder and thereunder, as applicable. The execution, delivery, and performance of this Agreement and the other Transaction Documents, and the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, have been duly authorized by all necessary corporate or limited liability company action on the part of such Obligor. Each Obligor has provided the Purchaser Agent with a copy of resolutions adopted by such Obligor's board of directors authorizing the execution, delivery, and performance by such Obligor of this Agreement, the Security Agreement and each other Transaction Document and the consummation by such Obligor of the transactions contemplated by this Agreement, the Security Agreement and the other Transaction Documents.

Section 3.03 Enforceability.

This Agreement, the Security Agreement and the other Transaction Documents have been duly authorized, executed and delivered by each Obligor party thereto and constitute the valid and binding obligation of such entity, enforceable against such entity in accordance with its respective terms, except as may be limited by applicable Bankruptcy Laws or by general principles of equity (whether considered in a proceeding in equity or at law).

Section 3.04 Governmental Authorization.

The execution and delivery by each Obligor of the Transaction Documents to which it is a party, and the performance by such Obligor of its obligations thereunder, does not require any notice to, action or consent by, or in respect of, or filing with, any Governmental Authority, except for the filing of the UCC Financing Statements, short-form intellectual property security agreements with the United States Patent and Trademark Office or the United States Copyright Office, and any filings with the SEC.

Section 3.05 Ownership.

(a) The Obligors own or hold a valid license granting exclusive rights to, all of the Product Intellectual Property, Regulatory Filings and the Regulatory Approvals related to each Included Product free and clear of all Liens (other than Permitted Liens), and no license or covenant not to sue under any such Product Intellectual Property, or right of reference under any such Regulatory Filings, has been granted by any Obligor to any Third Party, except as set forth on Schedule 3.05(a) to the Disclosure Letter.

(b) Except as set forth on Schedule 3.05(b) to the Disclosure Letter or as permitted pursuant to this Agreement, no Obligor has Transferred or granted any Lien in respect of or agreed to Transfer or grant any Lien in respect of, any portion of the Revenue Interests or the Collateral. Except for the sale of the Revenue Interests pursuant hereto and as set forth on Schedule 3.05(b) to the Disclosure Letter or

pursuant to any In-License entered into or acquired after the Closing Date pursuant to a Permitted Acquisition, no Person other than the Company has any right to receive any payments in respect of Net Sales or revenues of the Included Products. The Company has the full right to sell, transfer, convey and assign to the Purchasers all of the Company's rights, title and interests in and to the Revenue Interests pursuant to this Agreement without any requirement to obtain the consent of any Person, except such consents as are obtained at or prior to the Closing Date. At the Closing Date, Purchaser Agent shall have acquired good and valid rights and interests in and to all of the Revenue Interests, free and clear of any and all Liens, subject to the terms of this Agreement.

Section 3.06 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements and the Interim Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, (ii) fairly present in all material respects the financial condition of Parent and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (iii) show all material indebtedness and other material liabilities, direct or contingent, of Parent and its Subsidiaries as of the date thereof, including material liabilities for Taxes, commitments and Indebtedness but excluding obligations under contracts (other than in respect of debt for borrowed money) for future performance in the ordinary course permitted hereunder that do not arise from the breach thereof and are not required to be included on a GAAP balance sheet.

(b) [Reserved].

(c) From the date of the Audited Financial Statements to and including the Closing Date, there has been no Transfer by Parent or any Subsidiary, voluntary or involuntary, of any material part of the business or property of Parent or any Subsidiary, and no purchase or other acquisition by any of them of any business or property (including any Equity Interests of any other Person) material to Parent or any Subsidiary, in each case, which is not reflected in the foregoing financial statements or in the notes thereto and has not otherwise been disclosed in writing to Purchaser Agent and the Purchasers on or prior to the Closing Date.

(d) The financial statements delivered pursuant to Section 5.02(a) have been prepared in accordance with GAAP (except as may otherwise be permitted under Section 5.02(a) and present fairly in all material respects (on the basis disclosed in the footnotes to such financial statements) the consolidated financial condition, results of operations and cash flows of Parent and its Subsidiaries as of the dates thereof and for the periods covered thereby.

(e) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

Section 3.07 No Undisclosed Liabilities.

Except for (a) those liabilities identified in the Financial Statements (including the notes thereto) and/or in any current or periodic filing made by Parent with the SEC or incurred in the ordinary course of business since the date of the most recent Financial Statements; (b) Indebtedness permitted hereunder; or (c) those liabilities in connection with the Obligations under the Transaction Documents, there are no material liabilities of Parent or its Subsidiaries related to any Included Product, of any kind whatsoever, whether accrued, contingent, absolute, determined or determinable, excluding obligations under contracts

(other than in respect of Indebtedness) for future performance in the ordinary course permitted hereunder that do not arise from the breach thereof and are not required to be included on a GAAP balance sheet.

Section 3.08 Solvency; No Fraudulent Transfer.

Parent and the Subsidiaries, taken as a whole, are not insolvent as defined in any statute of the United States Bankruptcy Code, the fraudulent conveyance or fraudulent transfer statutes of the State of Delaware or any other Bankruptcy Laws. After giving effect to the applicable Purchaser Payment on the Closing Date, Second Purchaser Payment Date, Third Purchaser Payment Date or Fourth Purchaser Payment Date, as applicable, (a) the present fair saleable value of Parent's and the Subsidiaries' assets is greater than the total amount of liabilities of Parent and the Subsidiaries as such liabilities mature, (b) Parent and the Subsidiaries, taken as a whole, do not have unreasonably small capital with which to engage in its business, and (c) Parent and the Subsidiaries, taken as a whole, have not incurred, nor do they have present plans to or intend to incur, debts or liabilities beyond their ability to pay such debts or liabilities as they become absolute and matured. No transfer of property was or is being made by any Obligor and no obligation was or is being incurred by any Obligor in connection with the transactions contemplated by this Agreement or the other Transaction Documents with the intent to hinder, delay, or defraud either present or future creditors of such Obligor.

Section 3.09 Litigation.

Other than as set forth on Schedule 3.09 to the Disclosure Letter, no Obligor is a party to or has received any written notice of (a) any action, suit, arbitration proceeding, claim, investigation or other proceeding (whether administrative, judicial or otherwise) pending or, to the Knowledge of the Obligors, threatened against Parent or any of its Subsidiaries, or (b) any governmental inquiry pending or, to the Knowledge of the Obligors, threatened against Parent or any of its Subsidiaries, in each case with respect to clauses (a) and (b) above, which would, individually or in the aggregate, if determined adversely, reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.09 to the Disclosure Letter, there is no action, suit, arbitration proceeding, claim, investigation, governmental inquiry or other proceeding (whether administrative, judicial or otherwise) pending or, to the Knowledge of the Obligors, threatened against Parent, any Subsidiary or any other Person relating to the Revenue Interests, any Included Product or any other Product Asset, either (x) as of the Closing Date, or (y) at any time after the Closing Date, individually or in the aggregate, that would reasonably be expected to have a Material Adverse Effect.

Section 3.10 Compliance with Laws.

Neither Parent nor any Subsidiary (a) is in violation of, has violated, or to the Knowledge of the Obligors, is under investigation with respect to, or (b) has been threatened to be charged with or been given notice of any violation of any law, rule, ordinance or regulation of, or any judgment, order, writ, decree, permit or license entered by any Governmental Authority applicable to, Parent or any of its Subsidiaries, the Revenue Interests or the Included Products or any other Product Asset, in each case which could reasonably be expected to have a Material Adverse Effect.

Section 3.11 Conflicts; Adverse Agreements.

Except as set forth on Schedule 3.11 to the Disclosure Letter, neither the execution and delivery of any of this Agreement or the other Transaction Documents to which any Obligor is a party nor the performance or consummation of the transactions contemplated hereby or thereby will: (a) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance

provided by, in any material respects any provisions of: (i) any law, rule, ordinance or regulation of any Governmental Authority, or any judgment, order, writ, decree, permit or license of any Governmental Authority, to which Parent or any Subsidiary or any of their respective assets or properties may be subject or bound; or (ii) any contract, agreement, commitment or instrument to which Parent or any Subsidiary is a party or by which Parent or its Subsidiary or any of their respective assets or properties is bound or committed; (b) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, any provisions of the articles or certificate of incorporation or bylaws (or other organizational or constitutional documents) of Parent or any Subsidiary; (c) except for the filing of the UCC Financing Statements and any other notices of security or notices of charge required hereunder and filings with the United States Patent and Trademark Office, require any notification to, filing with, or consent of, any Person or Governmental Authority, except such consents that are obtained at or prior to the Closing Date; (d) give rise to any right of termination, cancellation or acceleration of any right or obligation of Parent, any Subsidiary or any other Person or to a loss of any benefit relating to the Revenue Interests; or (e) other than pursuant to this Agreement or any other Transaction Document, result in the creation or imposition of any Lien on (i) the assets or properties of Parent or any Subsidiaries or (ii) the Revenue Interests or any Collateral except, in the case of the foregoing clauses (a) or (c), as could not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. No Obligor or any of its Subsidiaries is a party to any contractual obligation or subject to any restriction or limitation in any organizational document or any judgment, order, regulation, ruling or other requirement of a court or other Governmental Authority, which (either individually or in the aggregate) has, or in the future could reasonably be expected (either individually or in the aggregate) to have, a Material Adverse Effect.

Section 3.12 Intellectual Property.

(a) Schedule 3.12(a) to the Disclosure Letter sets forth, as of the Closing Date, an accurate, true and complete list of all (i) Patents and utility models, (ii) trade names, registered trademarks, registered service marks, and applications for trademark registration or service mark registration, (iii) registered copyrights and (iv) domain name registrations and websites, in each case with respect to clauses (i), (ii), (iii) and (iv) above in this clause (a) that constitute Product Intellectual Property. Except as disclosed therein, to the Knowledge of the Obligors, each issued Patent and trademark listed on Schedule 3.12(a) to the Disclosure Letter is valid, enforceable and subsisting and has not lapsed, expired, been cancelled or become abandoned, except in the ordinary course of business or where such lapse or abandonment would not reasonably be likely to result in a Material Adverse Effect.

(b) Except for Product Intellectual Property licensed to or owned by any Obligor and set forth on Schedule 3.12(b) to the Disclosure Letter, to the Knowledge of the Obligors, no other Intellectual Property is necessary to use, Develop, Manufacture, import or Commercialize the Included Products (following the Closing Date, with respect to Included Products other than the Initial HAV Product, except as would not reasonably be expected to have a Material Adverse Effect). To the Knowledge of the Obligors, the use, Development, Manufacture, import or Commercialization of the Included Products do not and will not infringe any Patents or misappropriate any other Intellectual Property that is owned or controlled by a Third Party (following the Closing Date, with respect to Included Products other than the Initial HAV Product, except as would not reasonably be expected to have a Material Adverse Effect).

(c) There are no unpaid maintenance, annuity or renewal fees currently overdue for any of the Patents that constitute Product Intellectual Property or which claim or cover compositions of matter, formulation, method of use, method of manufacture and/or processes which relate to the Included Products, or that are otherwise material to the business of the Obligors and their Affiliates, and that are owned by or licensed to any Obligor or Affiliate ("Material Patents").

(d) There is, and has been, no pending, decided or settled opposition, interference proceeding, reexamination proceeding, cancellation proceeding, injunction, claim, lawsuit, declaratory judgment, administrative post-grant review proceeding, other administrative or judicial proceeding, hearing, investigation, complaint, arbitration, mediation, International Trade Commission investigation, decree, or any other filed claim (collectively referred to hereinafter as "Disputes") related to any of the Material Patents nor has any such Dispute been threatened in writing challenging the legality, validity, enforceability or ownership of any Material Patents. There are no Disputes by any Person or Third Party against any Obligor or any of their respective Affiliates or Licensees or licensors, and no Obligor nor any Affiliate thereof has received any written notice or claim of any such Dispute as pertaining to the Included Products either (x) as of the Closing Date, or (y) at any time after the Closing Date, individually or in the aggregate, that would reasonably be expected to have a Material Adverse Effect.

(e) The Obligors and their Affiliates have taken commercially reasonable measures and precautions to protect and maintain (i) the confidentiality of all trade secrets with respect to the Included Products that it owns or exclusively licenses and (ii) the value of all Intellectual Property related to the Included Products, except where such failure to take action would not reasonably be expected to have a Material Adverse Effect.

(f) No material trade secret of the Obligors or any of their respective Affiliates with respect to the Included Products has been published or disclosed to any Person except pursuant to a written agreement requiring such Person to keep such trade secret confidential, except where such disclosure would not reasonably be expected to have a Material Adverse Effect.

Section 3.13 Regulatory Approvals; Included Products.

(a) The Obligors and their Affiliates and Licensees have made available to Purchaser Agent any written communications received from a Regulatory Agency indicating such Regulatory Agency's intent (i) to revise or revoke any current Clinical Trial Application or Regulatory Approval or refuse to accept for filing any Clinical Trial Application or Drug Approval Application, or (ii) to pursue any material compliance actions against any Obligor or any of the Obligors' Affiliates or Licensees. To the Knowledge of the Obligors there are no other facts or circumstances that could reasonably be expected to (A) indicate that any of the events specified in the immediately preceding clauses (i) or (ii) are likely to occur or (B) cause the Obligors or any of their respective Affiliates or Licensees to voluntarily withdraw or not apply for any Clinical Trial Application or Regulatory Approval.

(b) The Obligors and their Affiliates and Licensees possess all Clinical Trial Applications and Regulatory Approvals issued or required by the Regulatory Agency, which are necessary to conduct the business relating to each Included Product in all material respects, including to conduct the current Clinical Trials relating to each Included Product, and no Obligor nor any of the Obligors' Affiliates or Licensees has received any written notice of proceedings relating to, and there are no facts or circumstances to the Knowledge of the Obligors that could reasonably be expected to lead to, the revocation, suspension, termination or modification of any such Clinical Trial Applications or Regulatory Approvals. All Clinical Trial Applications and applications, notifications, submissions, information, claims, reports and statistics and other data and conclusions derived therefrom, utilized as the basis for or submitted in connection with any and all requests for a Regulatory Approval from the FDA or other Regulatory Agency relating to the Obligors or any of their Affiliates or Licensees, their business operations and Included Products, when submitted to the FDA or other Regulatory Agency were true, complete and correct in all material respects as of the date of submission or any necessary or required updates, changes, corrections or modifications to such applications, submissions, information and data

have been submitted to the FDA or other Regulatory Agency. None of the officers or directors, or, to the Knowledge of the Obligors, employees or Affiliates of any Obligor or any Affiliate or Licensee of any Obligor or any agent or consultant of any such Person has (i) made an untrue statement of material fact or fraudulent statement to any Regulatory Agency or failed to disclose a material fact required to be disclosed to a Regulatory Agency; or (ii) committed an act, made a statement, or failed to make a statement that could reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Regulation 46191 (September 10, 1991).

(c) The Obligors and their Affiliates and Licensees are in compliance with, and have complied with, all applicable federal, state, local and foreign laws, rules, regulations, standards, orders and decrees governing its business, including all regulations promulgated by each Regulatory Agency, the failure of compliance with which could reasonably be expected to result in a Material Adverse Effect; the Obligors and their Affiliates and Licensees have not received any written notice from any Governmental Authority alleging non-compliance with any applicable federal, state, local and foreign laws, rules, regulations, or standards, which could reasonably be expected to result in a Material Adverse Effect; and to the Knowledge of the Obligors, no prospective change in any applicable federal, state, local or foreign laws, rules, regulations or standards has been adopted which, when made effective, could reasonably be expected to result in a Material Adverse Effect.

(d) All preclinical and Clinical Trials conducted by or on behalf of the Obligors or their Affiliates or Licensees relating to each Included Product were conducted in all material respects in compliance with Applicable Law and, in all material respects, in accordance with experimental protocols, procedures and controls pursuant to, where applicable, accepted professional and scientific standards. The descriptions and the results of such trials provided to Purchaser Agent are accurate in all material respects. No Obligor nor any of their Affiliates and Licensees has received any written notice or correspondence from any Regulatory Agency or comparable authority requiring the termination, suspension, or modification or clinical hold of any Clinical Trials conducted by or on behalf of such Obligor or its Affiliates and Licensees.

(e) No Obligor nor any of the Obligors' Affiliates or Licensees have received any written notice from (i) any Governmental Authority or (ii) any pricing and reimbursement representative of any Person, in each case exercising authority with respect to pricing and reimbursement for each Included Product, that have resulted in, or could reasonably be expected to result in, any non-coverage decision in respect of, or material reduction in the expected pricing of, such Included Product, either (x) as of the Closing Date, or (y) at any time after the Closing Date, individually or in the aggregate, that would reasonably be expected to have a Material Adverse Effect.

(f) All manufacturing operations conducted by or on behalf of the Obligors and their Affiliates and Licensees relating to the Included Products have been and are being conducted in compliance with, as applicable, current good manufacturing practices set forth in 21 C.F.R. Parts 210 and 211 and current good tissue practices set forth in 21 C.F.R. Part 1271, except as could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, as of the Closing Date, to the Knowledge of the Obligors, neither any Obligor nor any Affiliate or Licensee has received any written notice from any applicable Governmental Authority, including the FDA, that such Governmental Authority is conducting an investigation or review of (i) the Obligors' and their Affiliates' or Licensees' (or any third party contractors therefor) manufacturing facilities, manufacturing or other processes, or marketing and sales, in each case which have identified any material deficiencies or violations of Applicable Laws or the permits related to the manufacture, marketing and/or sales of any

Included Product that could reasonably be expected to result in a Material Adverse Effect, or (ii) any such Regulatory Approval that could be reasonably expected to result in a revocation or withdrawal of such Regulatory Approval, nor has any such Governmental Authority issued any order or recommendation stating that the development, testing, manufacturing, marketing or sales of any Included Product by any Obligor or any of the Obligors' Affiliates or Licensees should cease or that any Included Product should be withdrawn from the marketplace. No Obligor nor any Affiliate or Licensee of any Obligor has experienced any significant failures in manufacturing for commercial sale or use in Clinical Trials that has had or could reasonably be expected to have, if such failure occurred again, a Material Adverse Effect.

(g) No Obligor, nor to the Knowledge of the Obligors any Affiliate or Licensee of any Obligor, nor their respective officers, employees or agents, has been convicted of any crime or engaged in any conduct for which (i) debarment is mandated by 21 U.S.C. § 335a(a) or authorized by 21 U.S.C. § 335a(b); or (ii) exclusion is required pursuant to 42 U.S.C. § 1320a-7b and related regulations, nor, to the Knowledge of the Obligors, is any such debarment or exclusion threatened or pending, either (x) as of the Closing Date, or (y) at any time after the Closing Date, individually or in the aggregate, that would reasonably be expected to have a Material Adverse Effect.

(h) No Obligor, nor any Affiliate or Licensee of any Obligor, has received from the FDA, a warning letter, Form FDA-483, "Untitled Letter," or similar written correspondence or notice alleging violations of laws and regulations enforced by the FDA, or any comparable correspondence from any other Governmental Authority with regard to any Included Product or the manufacture, processing, packaging or holding thereof, the subject of which communication is unresolved, (x) as of the Closing Date or (y) at any time after the Closing Date that could reasonably be expected to have a Material Adverse Effect.

(i) Either (x) between May 12, 2021 and the Closing Date, or (y) at any time since the Closing Date, individually or in the aggregate, that would reasonably be expected to have a Material Adverse Effect, (i) there have been no Safety Notices, (ii) to the Knowledge of the Obligors, there are no unresolved material product complaints which could reasonably be expected to have a Material Adverse Effect, and (iii) to the Knowledge of the Obligors, there are no facts that would be reasonably likely to result in a material Safety Notice with respect to the Included Products.

(j) The Obligors and their Affiliates and Licensees are in material compliance with all applicable federal, state and local laws and regulations regarding the privacy and security of health information and electronic transactions, including the Health Insurance Portability and Accountability Act (HIPAA), and has implemented adequate policies, procedures and training designed to assure continued compliance and to detect non-compliance.

(k) The Obligors have made available to the Purchaser Agent all Clinical Trial Applications and Regulatory Approvals and all material correspondence with Governmental Authorities (including the FDA) with respect to such Clinical Trial Applications and Regulatory Approvals, in each case with respect to each Included Product and all requested documents related to such Included Product in each case in the possession and control of the Obligors or their Affiliates or Licensees. The Obligors have not withheld any document or information that could reasonably be considered to be material to the Purchasers' decision to provide the financing contemplated by this Agreement.

Section 3.14 Material Contracts.

Schedule 3.14 to the Disclosure Letter (which may be updated by the Obligors from time to time by written notice to the Purchaser Agent) sets forth a true and complete list of all Material Contracts. The Obligors have made available to Purchaser Agent correct and complete copies of all Material Contracts. Neither the Company nor any Affiliate is in breach of any Material Contract or in default under any Material Contract which breach or default, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. There is no event or circumstance that with notice or lapse of time, or both, could (a) constitute a breach or default by the Company and/or its Affiliates or (to the Knowledge of the Obligors) any other party under any Material Contract, (b) give any Person the right to receive or require a rebate, chargeback, penalty or change in delivery schedule under any Material Contract, (c) give any Person the right to accelerate the maturity or performance of any Material Contract or (d) give any Person the right to cancel, terminate or modify any Material Contract, in each case, solely with respect to Material Contracts that are not Key Contracts after the Closing Date, except as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. To the Knowledge of the Obligors, nothing has occurred and no condition exists that would permit any other party thereto to terminate any Material Contract, except, solely with respect to Material Contracts that are not Key Contracts after the Closing Date, as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor its Affiliates has received any notice or, to the Knowledge of the Obligors, any threat of termination of any such Material Contract that has not been resolved. To the Knowledge of the Obligors, no other party to a Material Contract is in breach of or in default under such Material Contract except, solely with respect to Material Contracts that are not Key Contracts after the Closing Date, as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. All Material Contracts are valid and binding on the Company and its Affiliates and, to the Knowledge of the Obligors, on each other party thereto, and are in full force and effect.

Section 3.15 Perfection Certificate.

In connection with this Agreement, Parent on behalf of itself and each other Obligor has delivered to Purchaser Agent a completed Perfection Certificate. The Perfection Certificate accurately sets forth (a) each Obligor's exact legal name, organization type and jurisdiction, and organizational or company identification number (or accurately states that such Obligor has none); and (b) each Obligor's place of business, or, if more than one, its chief executive office or principal place of business, as applicable, as well as each Obligor's mailing address (if different than its chief executive office). Except as noted in the Perfection Certificate, each Obligor (and each of its respective predecessors) have not, in the past five (5) years, changed its jurisdiction of organization or incorporation, organizational structure or type, or any organizational or company number assigned by its jurisdiction. All other information set forth on the Perfection Certificate pertaining to the Obligors and the Subsidiaries, is accurate and complete in all material respects.

Section 3.16 Customers and Suppliers.

There exists no actual or, to the Knowledge of the Obligors, threatened (in writing) termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any Obligor, on the one hand, and any customer or any group thereof, on the other hand, or (ii) any Obligor, on the one hand, and any supplier or any group thereof, on the other hand, in either case, which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.17 Perfection; Subordination.

The Transaction Documents create valid security interests in, and Liens on, the Collateral purported to be covered thereby, securing the Obligations, which security interests and Liens will be, upon the timely and proper filings, deliveries, notations and other actions contemplated in the Transaction Documents perfected security interests and Liens (to the extent that such security interests and Liens can be perfected by such filings, deliveries, notations and other actions). The claims and rights of the Purchaser Agent and the Purchasers created by any Transaction Document are not and shall not be subordinated to any creditor of any Obligor or any other Person, and the Liens created pursuant to the Transaction Documents will have first ranking priority and will not be subject to any prior ranking or pari passu ranking Lien other than Permitted Priority Liens.

Section 3.18 Insurance.

There are in full force and effect insurance policies maintained by reputable insurance companies in accordance with standards customary for companies such as the Obligors, with coverage of Parent and each of its Subsidiaries in amounts customary for companies of comparable size and condition similarly situated in the same industry as, including product liability insurance, directors and officers insurance and insurance against litigation liability, subject only to such exclusions and deductible items as are usual and customary in insurance policies of such type.

Section 3.19 Tax.

Each of Parent and its Subsidiaries has timely filed all income and other material Tax Returns and has paid when due all material Taxes due and payable. There are no Liens in respect of Taxes applicable to Parent or any of its Subsidiaries except Permitted Liens. There is no proposed tax assessment against Parent and its Subsidiaries for a material amount of Taxes that is not being actively contested in good faith and by appropriate proceedings and for which reserves or other appropriate provisions, if any, as are required in conformity with GAAP have been made or provided therefor. All payments to the Purchasers hereunder are capable of being made, and will be made, without deduction or withholding for any Taxes; provided the Purchasers deliver the IRS Withholding Form contemplated by Section 5.11(d) hereof including all information necessary to avoid withholding under FATCA.

Section 3.20 SEC Reports.

All reports required to be filed by Parent under the Securities Exchange Act of 1934, as amended, have been duly filed, were in substantial compliance with the requirements of their respective forms, and did not, as of the date filed, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein in light of the circumstances under which they were made not misleading. All information heretofore furnished to the Purchaser Agent or any Purchaser by or on behalf of Parent for purposes of or in connection with any Transaction Document or any transaction contemplated hereby, including with respect to Clinical Trial Applications and Regulatory Approvals, after giving effect to all supplements thereto made prior to the Closing Date, the Second Purchaser Payment Date, the Third Purchaser Payment Date or the Fourth Purchaser Payment Date, as applicable, is or will be, taken as a whole, true, complete and correct in all material respects and Parent has not omitted to state a material fact necessary in order to make such information, taken as a whole, not misleading in light of the circumstances under which they were furnished; provided that projections and other forward looking information are based on reasonable estimates on the date as of which such

information is stated or certified (it being understood that forecasts and projections are subject to contingencies and no assurance can be given that any forecast or projection will be realized).

Section 3.21 Investment Company Act.

None of Parent or any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940.

Section 3.22 OFAC; Anti-Terrorism Laws.

(a) None of Parent, any Subsidiary of Parent or, to the Knowledge of the Obligors, any Affiliate is a Person that is, or is owned or controlled by persons that are (i) the subject of any economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the Sanctions Authority (collectively, "Sanctions") or (ii) located, organized or resident in a country or territory that is the subject of Sanctions.

(b) Each of Parent, its Subsidiaries and respective directors, officers and employees and, to the Knowledge of the Obligors, the agents and Affiliates of Parent and its Subsidiaries are in compliance with all applicable Sanctions and the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects. Parent and its Subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption law.

Section 3.23 Broker's Fees.

Except for any commission or broker's fee set forth on Schedule 3.23 to the Disclosure Letter, Parent and its Subsidiaries have not taken any action that would entitle any Person to any commission or broker's fee in connection with this Agreement.

Section 3.24 Put Option Event.

No Put Option Event has occurred and is continuing, and no event has occurred and is continuing which, with the giving of notice or passage of time, or both, would constitute a Put Option Event.

Section 3.25 Disclosure.

The Obligors have disclosed to the Purchasers all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether written or oral) by or on behalf of Parent or its Subsidiaries to the Purchasers in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Transaction Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case taken together with all other such reports, financial statements, certificates and other information; provided, that, with respect to financial projections, estimates, budgets or other forward-looking information, Parent and its Subsidiaries represent only that such information was prepared in good faith based upon assumptions believed by the Obligors to be reasonable at the time such information was prepared (it being understood

that such information is as to future events and is not to be viewed as facts, is subject to significant uncertainties and contingencies, many of which are beyond the control of Parent and its Subsidiaries, that no assurance can be given that any particular projection, estimate, budget or forecast will be realized and that actual results during the period or periods covered by any such projections, estimate, budgets or forecasts may differ significantly from the projected results and such differences may be material).

Section 3.26 ERISA Compliance, Employee and Labor Matters; Pension Matters.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to result in a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, and, to the Knowledge of the Obligors, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the Knowledge of the Obligors, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or could reasonably be expected to result in a Material Adverse Effect.

(c) No ERISA Event has occurred, and no Obligor nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan that, either individually or in the aggregate, has had or could reasonably be expected to result in a Material Adverse Effect.

(d) The present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount. As of the most recent valuation date for each Multiemployer Plan, the potential liability of any Obligor or any ERISA Affiliate for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 or Section 4205 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, is zero.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all Applicable Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to result in a Material Adverse Effect. Neither Parent nor any of its Subsidiaries has incurred or could reasonably be expected to incur any material obligation in connection with the termination of or withdrawal from any Foreign Plan. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of Parent or any of its Subsidiaries, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

(f) As of the Closing Date, neither Parent nor any of its Subsidiaries has any liability under ERISA or the Code with respect to any citizen of the United States who performs services outside of the United States.

(g) As of the Closing Date, and except as disclosed to Purchaser Agent in writing after the Closing Date, there are no collective bargaining agreements covering employees of any Obligor or any of its Subsidiaries.

(h) There is no Plan in which any Obligor nor any ERISA Affiliate sponsors, established, maintains, participates in or may incur any liability under that promises or provides retiree medical, health or life insurance or other retiree welfare benefits, except as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or other Applicable Law, and there has been no communication (whether oral or written) to any person that would reasonably be expected to promise or guarantee any such retiree medical, health or life insurance or other retiree welfare benefits, except to the extent required by COBRA or other Applicable Law.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser represents and warrants to Parent and the Company, as of the Closing Date, the following:

Section 4.01 Organization.

Such Purchaser is a duly organized and validly existing under the laws of its jurisdiction of organization.

Section 4.02 Authorization.

Such Purchaser has all necessary power and authority to enter into, execute and deliver the Transaction Documents and to perform all of the obligations to be performed by it hereunder and thereunder and to consummate the transactions contemplated hereunder and thereunder. The Transaction Documents have been duly authorized, executed and delivered by such Purchaser and each Transaction Document constitutes the valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with their respective terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or general equitable principles.

Section 4.03 Broker's Fees.

Such Purchaser has not taken any action that would entitle any Person to any commission or broker's fee in connection with the transactions contemplated by the Transaction Documents.

Section 4.04 Conflicts.

Neither the execution and delivery of this Agreement or any other Transaction Document to which such Purchaser is a party nor the performance or consummation of the transactions contemplated hereby or thereby will: (a) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, in any material respects any provisions of: (i) any law, rule or regulation of any Governmental Authority, or any judgment, order, writ, decree, permit or license of any Governmental Authority, to which such Purchaser or any of its assets or properties may be subject

or bound; or (ii) any contract, agreement, commitment or instrument to which such Purchaser is a party or by which such Purchaser or any of its assets or properties is bound or committed; (b) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, any provisions of the organizational or constitutional documents of such Purchaser; or (c) require any notification to, filing with, or consent of, any Person or Governmental Authority, except, in the case of the foregoing clauses (a) or (c), as would not, individually or in the aggregate, have a material adverse effect on the ability of such Purchaser to perform any of its obligations under the Transaction Documents.

ARTICLE V
COVENANTS

From the date hereof through and including the end of the Revenue Interest Period, the following covenants shall apply:

Section 5.01 Notices; Access; Information.

(a) Notices. The Obligors shall provide the written notice to the Purchaser Agent and the Purchasers of the following events:

(i) Promptly (and in any event within two (2) Business Days) upon Knowledge thereof, the occurrence of any Put Option Event or any event which, with the giving of notice or passage of time, or both, would constitute a Put Option Event;

(ii) Promptly (and in any event within two (2) Business Days) upon Knowledge thereof, the occurrence of any Material Adverse Effect or any event which could reasonably be expected to have a Material Adverse Effect;

(iii) Upon (A) entry into any new Material Contract or amendment to any Material Contract, which notice shall attach a copy of such Material Contract or amendment to Material Contract and, unless the Obligors have already publicly disclosed such information, set forth the material terms of such Material Contract or amendment with a description of its likely impact on Parent's and its Subsidiaries' business or financial condition or (B) (x) receipt of notice of, or otherwise obtaining Knowledge of, any default or event of default under, or (y) any termination (other than expiration in accordance with its terms) of, any Material Contract, in each case, (i) until the Milestone Event has occurred, within five (5) Business Days of such event and (ii) thereafter, within five (5) Business Days following the end of the calendar month in which such event occurred;

(iv) Promptly (and in any event within five (5) Business Days) upon Knowledge thereof, any litigation or proceedings to which Parent or any Subsidiary is a party or which could reasonably be expected to have a Material Adverse Effect or which challenge the validity of the Transaction Documents or any of the transactions contemplated therein;

(v) Promptly (and in any event within five (5) Business Days) upon Knowledge thereof, the occurrence of (i) a manufacturing disruption which has had, or could reasonably be expected to have, individually or in the aggregate, a material adverse effect on the level of Net Sales of the Included Products, (ii) any circumstance, event or condition that has resulted in, or could reasonably be expected to result in, a recall of any Included Product, or (iii) any other material adverse effect on the Development, Commercialization or Manufacture of any Included Product;

(vi) Promptly (and in any event within five (5) Business Days) (A) upon Knowledge thereof, (i) any infringement by any Included Product of any Intellectual Property of a Third Party, (ii) any infringement by any Third Party of any Product Intellectual Property and (iii) any infringement by a Third Party of any other Intellectual Property material to the conduct of the Obligors' business, and (B) after receipt of any written notice from a Third Party alleging or claiming that the making, having made, using, importing, offering for sale, or selling of any Included Product in the Covered Territory infringes any Patents of such Third Party, a copy of such notice;

(vii) Promptly (and in any event within five (5) Business Days of the occurrence thereof), the FDA Application Acceptance Date, the Company's submission to the FDA (or any foreign equivalent) of any application for any Regulatory Approval of an Included Product in the Covered Territory, and/or the acceptance for review by the FDA (or such foreign equivalent) of such application;

(viii) Promptly (and in any event within five (5) Business Days of the occurrence thereof), the FDA Approval Date or any Obligor's receipt of any other Regulatory Approval of an Included Product in the Covered Territory;

(ix) Promptly (and in any event within five (5) Business Days) of the receipt, any material written communication from the FDA;

(x) Promptly (and in any event within three (3) Business Days), upon receipt of material data read outs with respect to any Clinical Trial or any other material update with respect to any Clinical Trial, and upon the request of the Purchaser Agent, provide the Purchaser Agent and Purchasers an opportunity to review the data or other relevant materials with respect to such Clinical Trial;

(xi) Not less than ten (10) calendar days prior thereto, any change in, or amendment or alteration of, any Obligor's legal name, form of legal entity or jurisdiction of organization;

(xii) To the extent permitted by Applicable Law, promptly following receipt by any Obligor or any Affiliate of any written notice, claim or demand challenging the legality, validity, enforceability or ownership of any Intellectual Property of such Obligor or Affiliate or pursuant to which any Third Party commences or threatens any action, suit or other proceeding against such Obligor or Affiliate and relating to an Included Product, the Obligors shall (i) inform the Purchasers in writing of such receipt and (ii) furnish the Purchasers with a copy of such notice, claim or demand, or if such notice is not in writing, furnish to the Purchasers a written summary describing in reasonable detail the contents thereof;

(xiii) Promptly (and in any event, within five (5) Business Days), any material change in accounting policies or financial reporting practices by Parent or any Subsidiary;

(xiv) As soon as possible, and in any event within ten (10) Business Days after the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to result in liability of Parent and its Subsidiaries in an aggregate amount exceeding $2,500,000;

(xv) Not less than fifteen (15) Business Days prior thereto, any Change of Control.

(b) Maintenance of Books and Records. Each of Parent and the Company shall keep and maintain, cause its Affiliates and use commercially reasonable efforts to require its Licensees to keep and maintain, at all times full and accurate books of account and records adequate to correctly reflect (and in sufficient detail to permit the Purchaser Agent to confirm the accuracy of) all payments paid and/or payable with respect to the Revenue Interests. Such records shall be kept and maintained for a minimum of five (5) years from the end of the calendar year to which they pertain.

(c) Inspections and Audits. The Obligors shall, and shall cause their Affiliates to, at the sole cost of the Obligors, allow Purchaser Agent, during regular business hours upon reasonable prior notice (provided that no notice shall be required when a Put Option Event has occurred and is continuing), to visit and inspect any of the Obligors' and their Affiliates' offices and properties where the Obligors and their Affiliates keep and maintain their books and records relating or pertaining to the Revenue Interests and the Collateral for purposes of conducting an audit of such books and records, to examine and make abstracts or copies from any such books and records, to conduct a collateral audit and analysis of its operations and the Collateral and to conduct an audit of Net Sales. Such audits shall be conducted no more often than once every year unless (and more frequently if) a Put Option Event has occurred and is continuing. The Obligors shall include in all Out-Licenses it enters into after the Closing Date provisions permitting them to audit such Licensee and shall use commercially reasonable efforts to include terms and conditions consistent in all material respects with the Purchasers' rights to audit Company set forth in this Section 5.01(c), and each Obligor will exercise all applicable rights under such provisions, and share with Purchaser Agent the results of such inspections and audits, promptly upon written request from Purchaser Agent to do so.

(d) Purchaser Meetings. During the Revenue Interest Period, the Purchasers shall be entitled to a quarterly update call or meeting (in person, via teleconference or videoconference or at a location and time mutually agreed by the Purchaser Agent and the Company) to discuss the reports delivered by the Obligors pursuant to Section 5.02(a) and the progress of sales and product development and marketing efforts made by the Obligors, the status and the historical and potential performance of the Included Products, any regulatory developments or such other matters that the Purchasers deem appropriate. Notwithstanding the foregoing, after the occurrence and during the continuance of a Put Option Event, the Required Purchasers shall have the right, as often, at such times and with such prior notice, as the Required Purchasers shall determine, in their reasonable discretion, to have such update meetings or inspect any records and operations of the Obligors and their Affiliates and Licensees.

Section 5.02 Reports.

(a) Periodic Reports. The Obligors shall deliver to the Purchaser Agent the following financial statements, reports and certificates:

(i) as soon as available, but no later than forty-five (45) days after the last day of each of the first three calendar quarters of each fiscal year, (A) a company prepared unaudited consolidated balance sheet of Parent and its Subsidiaries as of such quarter end and the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock, redeemable common stock and stockholders' equity (deficit) and cash flows for the three (3) month period then ended certified by the chief financial officer of Parent all prepared in accordance with GAAP, subject to normal year-end audit adjustments and the absence of disclosures normally made in footnotes; provided, however, that such financial statements shall not be subject to, and Parent's Quarterly Report on Form 10-Q shall not contain, any qualification, emphasis of matter or statement as to "going concern", (B) a statement, on a

country-by-country and Included Product-by-Included Product basis, of the amount of gross sales and Net Sales of Included Products during the applicable calendar quarter (including details of the deductions from gross sales taken in accordance with the definition of Net Sales), the calculation of the Applicable Percentage, the calculation of the amount of Revenue Interest Payment due on such sales for such calendar quarter, and the exchange rates used, if applicable and (C) a duly completed Compliance Certificate signed by the chief financial officer of Parent and the Company, together with projections, which have also been delivered to Parent's independent certified public accountants, demonstrating the sufficiency of cash and Cash Equivalents for the 12 month period following the issuance date of such financial statements;

(ii) as soon as available, but no later than ninety (90) days after the last day of each calendar year, audited consolidated balance sheets of Parent as of such year end and the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock, redeemable common stock and stockholders' equity (deficit) and cash flows for the year then ended, prepared under GAAP, consistently applied, together with a report and opinion on the financial statements and on internal controls and procedures, if available, from PricewaterhouseCoopers LLP or other independent certified public accounting firm acceptable to the Purchaser Agent in its reasonable discretion (which report and opinion shall be prepared in accordance with GAAP and shall not be subject to any qualification, emphasis of matter or statement as to "going concern" or scope of audit, except for qualifications relating to changes in accounting principles or practices reflecting changes in GAAP and required or approved by Parent's independent certified public accountants), together with a duly completed Compliance Certificate signed by the chief financial officer of Parent and the Company, together with projections, which have also been delivered to Parent's independent certified public accountants, demonstrating the sufficiency of cash and Cash Equivalents for the 12 month period following the issuance date of such financial statements;

(iii) promptly following the end of each calendar quarter, but in any event, in each case, no later than forty-five (45) calendar days after the end of such calendar quarter, as applicable, a reasonably detailed quarterly report (the "Quarterly Report") setting forth, with respect to such same period, (a) the Clinical Updates, the Regulatory Updates, the Commercial Updates, the Intellectual Property Updates, and any transactions with Affiliates, (b) updates to the Perfection Certificate to reflect any amendments, modifications and updates, if any, to the information in the Perfection Certificate since the Closing Date or the most recent update thereto (to the extent not covered in the Intellectual Property Update), (c) cash flow projections for the four quarter period following such fiscal quarter set forth in a quarter by quarter format, and (d) a financial "DashBoard" report which shall include unrestricted cash and Cash Equivalents, marketable securities, revenue for the reporting quarter, and year-to-date revenue (provided that the Obligors shall also provide Purchaser Agent with such additional information regarding the updates included in each such Quarterly Report as Purchaser Agent may reasonably request from time to time). The Obligors shall prepare and maintain and shall cause their respective Affiliates and use commercially reasonable efforts to require their respective Licensees to prepare and maintain reasonably complete and accurate records of the information to be disclosed in each Quarterly Report. In addition, the Obligors shall provide the Purchaser Agent with a written or telephonic update within ten (10) calendar days following (1) any significant development with respect to any prior (i) Clinical Update, (ii) the Regulatory Update, (iii) Commercial Update or (iv) Intellectual Property Update and (2) any serious adverse event in the Clinical Trials;

(iv) as soon as practicable, and in any event not later than sixty (60) days after the commencement of each fiscal year of Parent, beginning with the fiscal year commencing January 1, 2024, an annual business plan and budget of Parent and its Subsidiaries for the then current fiscal year containing, among other things, projections for each quarter of such fiscal year, all approved by the Board of Parent;

(v) no later than five (5) days after each regularly-scheduled quarterly meeting of the Board of Parent or any Subsidiary, the board kit and other materials delivered to the directors in connection with any such meeting; provided that, if the Obligors, upon the advice of counsel, reasonably determine that any such information constitutes attorney-client privileged information and the disclosure thereof would adversely impair the attorney-client privilege between the Obligors and such counsel with respect to such information, then the Obligors will permit the Purchaser Agent and the Purchasers to enter into a customary common interest agreement with respect to such information and, unless and until the Purchaser Agent and the Purchasers have entered into such agreement, the Obligors shall be entitled to withhold delivery of, or redact, any such information (and only such information) from the Purchaser Agent and the Purchasers; provided that the Obligors shall disclose that the information is being withheld on the foregoing basis;

(vi) without limiting the generality of the above clause (v), promptly after any reasonable request by the Purchaser, copies of any detailed audit reports, management letters or recommendations submitted to the Board (or the audit committee of the Board) by independent accountants in connection with the accounts or books of Parent or any Subsidiary, or any audit of any of them;

(vii) promptly after the furnishing thereof, copies of any material statement or report furnished to any holder of debt securities of Parent or any Subsidiary pursuant to the terms of any indenture, loan or credit or similar agreement;

(viii) promptly, and in any event within five (5) Business Days after receipt thereof by Parent or any Subsidiary thereof, (A) copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other material inquiry by such agency regarding financial or other operational results of Parent or any Subsidiary and (B) copies of any material written correspondence or any other material written communication from the FDA or any other regulatory body;

(ix) as soon as practicable upon the reasonable request of the Purchasers, copies of the most recent monthly statements for each deposit account, securities account and other bank account of Parent and its Subsidiaries; and

(x) promptly upon request, such other information as Purchaser Agent may from time to time reasonably request.

Any documents required to be delivered pursuant to this Section 5.02(a) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which (A) the Obligors posts such documents, or provides a link thereto, on their website on the internet at their website address or (B) such documents are posted on the Obligors' behalf on the internet or an intranet website, if any, to which Purchaser Agent and the Purchasers have access.

(b) Reconciliation Reports; Updates. Concurrently with the delivery of financial statements pursuant to Sections 5.02(a)(i) and (ii) above, the Obligors shall produce and deliver to the Purchaser Agent:

(i) a Reconciliation Report for such quarter or year, together with a certificate signed by the chief financial officer of Parent, certifying that to the Knowledge of the Obligors (i) such Reconciliation Report is a true and complete copy and (ii) any statements and any data and information therein prepared by the Obligors are true, correct and accurate in all material respects;

(ii) the insurance binder or other evidence of insurance for any insurance coverage of Parent or any Subsidiary that was renewed, replaced or modified during the period covered by such Quarterly Report; and

(iii) within a reasonable time after the receipt by the Purchaser Agent or the Purchasers of any report or notice from the Obligors or upon the occurrence of any material event affecting the Obligors, the Obligors shall provide such other information about such report, notice or material event as any Purchaser or the Purchaser Agent may from time to time reasonably request.

Notwithstanding anything set forth above to the contrary, during any MNPI Notice Period, if any notice or report required to be furnished pursuant to Section 5.01, Section 5.02(a) or Section 5.02(b) contains material non-public information (any such notice, an "MNPI Notice"), the Obligors, instead of delivering such MNPI Notice to the Purchaser Agent and Purchasers, shall promptly deliver notice to Oberland Capital Management LLC (at kwiggert@oberlandcapital.com, attention: Kristian Wiggert (or such other person as specified by Purchaser Agent in writing from time to time)) that the Obligors desire to deliver to the Purchaser Agent and Purchasers an MNPI Notice. Within five (5) Business Days of receipt of such notification, the Purchaser Agent or a Purchaser may either (i) refuse the delivery of such MNPI Notice, in which case the Obligors' obligations under Section 5.01, Section 5.02(a) or Section 5.02(b), as applicable, with respect to such MNPI Notice shall be deemed satisfied as to the Purchaser Agent or such Purchaser, as applicable, (ii) direct the delivery of such MNPI Notice to the Purchaser Agent pursuant to procedures acceptable to the Purchaser Agent (which may be designed to comply with the internal procedures of the Purchaser Agent regarding the use of material non-public information), or (iii) enter into good faith discussions with the Obligors to discuss the time period (if any) within which the Obligors may make the material non-public information contained in such MNPI Notice publicly available by including such information in a filing made by Parent with the SEC. If the Obligors and the Purchaser Agent or the applicable Purchaser agree on such time period, the Obligors shall promptly deliver to the Purchaser Agent or such Purchaser the information subject to such MNPI Notice and shall include the applicable material non-public information in a public filing with the SEC within such agreed to time period.

Section 5.03 Compliance with Law; Existence and Maintenance of Properties; Payment of Obligations.

(a) The Obligors shall, and shall cause their Subsidiaries and Affiliates to, (i) comply with all material federal, state, local and foreign laws, regulations and orders applicable to the Obligors or any Subsidiary or Affiliate or any of their respective assets, including all Environmental Laws, (ii) obtain and maintain any and all material licenses, permits, franchises, governmental authorizations, Intellectual

Property or other rights necessary for the ownership of its properties and the advantageous conduct of its business and as may be required from time to time by Applicable Law and (iii) maintain each material Regulatory Approval that has been obtained and is necessary to sell the Included Products within (A) the United States and (B) any other country in the Covered Territory, except in the case of (i), (ii) or (iii)(B) where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(b) The Obligors shall, and shall cause their Subsidiaries and Affiliates to, (i) maintain and preserve in full force and effect its legal existence, its good standing (to the extent the concept is applicable under such jurisdiction) under the laws of the jurisdiction of its incorporation or formation, as the case may be, and its qualification to do business in every other jurisdiction where the nature of its business or its properties makes such qualification necessary (except where the failure to be so qualified or licensed would not reasonably be expected to have a Material Adverse Effect); and (ii) maintain all material tangible properties in good working order and condition (normal wear and tear and damage by casualty excepted) and from time to time make all necessary repairs to and renewals and replacements of such properties, except to the extent that any of such properties are obsolete or are being replaced or, in the good faith judgment of the Obligors, are no longer useful or desirable in the conduct of the business.

(c) Each Obligor and each Subsidiary shall pay and discharge prior to the date on which penalties attach thereto, all federal and state income and other material Taxes imposed upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Obligor or Subsidiary.

Section 5.04 Confidentiality; Public Announcement.

(a) In handling any confidential information of the Obligors and their Subsidiaries, Purchaser Agent and the Purchasers shall exercise the same degree of care that they exercise for their own proprietary information (but in no event less than a reasonable standard of care), but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Purchasers' and Purchaser Agent's Subsidiaries or Affiliates, or, so long as such Persons are subject to customary confidentiality obligations, in connection with a Purchaser's own financing or securitization transactions and upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; (b) to prospective transferees (other than those identified in the preceding clause (a)) or purchasers of any interest in the Revenue Interests (provided that, the Purchasers and Purchaser Agent shall obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Purchasers' or Purchaser Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Purchaser Agent reasonably considers appropriate in exercising remedies under the Transaction Documents; (f) to third party service providers of the Purchasers and/or Purchaser Agent so long as such service providers are subject to confidentiality obligations with terms at least as restrictive as those contained herein; or (g) to any actual or potential investors, members, and partners of Purchaser Agent or any Purchaser or their Affiliates so long as such Persons are subject to confidentiality obligations with terms at least as restrictive as those contained herein. Notwithstanding the foregoing, in the event a party is required to make a disclosure of another party's confidential information pursuant to (c) or (d) of the foregoing sentence, it will, except where illegal or impracticable, give reasonable advance notice to the other party of such disclosure and use commercially reasonable efforts to secure confidential treatment of such information. Confidential information does not include information that either: (i) is in the public domain or in the Purchasers' and/or Purchaser Agent's possession on a non-confidential basis

when disclosed to the Purchasers and/or Purchaser Agent, or becomes part of the public domain after disclosure to the Purchasers and/or Purchaser Agent; or (ii) is disclosed to the Purchasers and/or Purchaser Agent by a third party on a non-confidential basis, if the Purchasers and/or Purchaser Agent does not know that the third party is prohibited from disclosing the information. Subject to the foregoing, Purchaser Agent and the Purchasers may use confidential information for any purpose, including, without limitation, the development of client databases, reporting purposes, market analysis and enforcement of its rights and remedies under the Transaction Documents. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 5.04 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 5.04.

(b) On the Closing Date, the Obligors shall issue the Press Release. After the Closing Date, Purchaser Agent and any Purchaser may disclose the transaction contemplated by the Transaction Documents on its website and in marketing materials (which may include use of logos of one or more of the Obligors).

Section 5.05 Security Interest.

During the Revenue Interest Period, and at all times until the Obligations are paid and performed in full (other than inchoate indemnity obligations for which no claim has been made), each Obligor shall grant in favor of the Purchaser Agent, for the benefit of the Purchasers, a valid, continuing, first priority (subject to Permitted Priority Liens) perfected lien on and security interest in the Collateral described in the Security Agreement.

Section 5.06 Further Assurances; Creation/Acquisition of Subsidiaries; Additional Collateral; Control Agreements.

(a) Without limiting the obligations of the Obligors in the Security Agreement or in the other Transaction Documents, each Obligor hereby agrees to take such action and execute, acknowledge and deliver, and cause each of its Subsidiaries to take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as the Purchaser Agent may reasonably request from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Transaction Documents, (ii) to subject to valid and perfected first priority Liens any of the Collateral or any other property of any Obligor and its Subsidiaries (other than Excluded Subsidiaries so long as such Subsidiaries remain Excluded Subsidiaries) intended to be Collateral hereunder free and clear of Liens (other than Permitted Liens) and to assign the Revenue Interests to the Purchasers, (iii) to establish and maintain the validity and effectiveness of any of the Transaction Documents and the validity, perfection and priority of the Liens intended to be created thereby (including, without limitation, making all filings and registrations) and the assignment of the Revenue Interests to the Purchasers under the Transaction Documents, and (iv) to better assure, convey, grant, assign, transfer and confirm unto each Purchaser the rights now or hereafter intended to be granted to it under this Agreement or any other Transaction Document. In furtherance of the foregoing, to the maximum extent permitted by Applicable Law, each Obligor (i) authorizes the Purchaser Agent to execute any such agreements, instruments or other documents in each Obligor's name and to file such agreements, instruments or other documents in any appropriate filing office if any Obligor refuses or fails to execute or deliver any of the above reasonably requested agreements, instruments or documents within ten (10) days of the Purchaser Agent's request to do so and (ii) authorizes the Purchaser Agent to file any financing statement required hereunder or under any other Transaction Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Obligor.

(b) The Obligors and the Purchasers shall cooperate and provide assistance as reasonably requested by the other party hereto, at the expense of such other party hereto (except as otherwise set forth herein), in connection with any litigation, arbitration, investigation or other proceeding (whether threatened, existing, initiated or contemplated prior to, on or after the date hereof) to which the other party hereto, any of its Affiliates or controlling persons or any of their respective officers, directors, equityholders, controlling persons, managers, agents or employees is or may become a party or is or may become otherwise directly or indirectly affected or as to which any such Persons have a direct or indirect interest, in each case relating to any Transaction Document, the transactions contemplated herein or therein or the Revenue Interests but in all cases excluding any litigation brought by the Company or its Affiliates against the Purchasers or Purchaser Agent or brought by the Purchasers or Purchaser Agent (for itself or on behalf of any Indemnified Party) against any Obligor.

(c) In the event (x) Parent or any of its Subsidiaries creates or acquires any Subsidiary (other than an Excluded Subsidiary) or (y) any Excluded Subsidiary ceases to be an Excluded Subsidiary, Parent shall provide five (5) days prior written notice to the Purchaser Agent of the creation or acquisition of such new Subsidiary or of such Excluded Subsidiary ceasing to be an Excluded Subsidiary, as applicable, and, promptly (and in any event no later than the earlier of any Transfer of any assets to such Subsidiary and thirty (30) days after the creation or acquisition thereof or any such Subsidiary ceasing to be an Excluded Subsidiary, as applicable), take all such action as may be reasonably required by the Purchaser Agent or any Purchaser to cause such Subsidiary to become a Subsidiary Guarantor, including without limitation by executing and delivering a Guaranty (or a joinder thereto), becoming a party to the Security Agreement (or delivering a foreign security agreement in form and substance reasonably satisfactory to Purchaser Agent) and delivering such proof of corporate action, incumbency of officers, opinions of counsel and other documents as requested by the Purchaser Agent.

(d) With respect to any Collateral acquired after the Closing Date by any Obligor that is not already subject to the Lien created by any of the Transaction Documents or specifically excluded from the requirement to be subject to such Lien in the Transaction Documents, the Obligors shall promptly (and in any event within thirty (30) days after the acquisition thereof) (i) execute and deliver to the Purchaser Agent such amendments or supplements to the relevant Transaction Documents or such other documents as the Purchaser Agent shall deem necessary or advisable to grant for its benefit, a Lien on such property subject to no Liens other than Permitted Liens, and (ii) take all actions necessary to cause such Lien to be duly perfected in accordance with all applicable requirements of Applicable Law, including the filing of financing statements in such jurisdictions as may be reasonably requested by the Purchaser Agent. Each Obligor shall otherwise take such actions and execute and/or deliver to the Purchaser Agent such documents as the Purchaser Agent shall reasonably require to confirm the validity, perfection and priority of the Lien of the Security Agreement on such after-acquired properties.

(e) The Obligors shall not, and shall not permit any Subsidiary to, establish or maintain any bank account (other than Excluded Accounts) except for bank accounts with Globally Systemically Important Banks; provided that the Obligors may maintain the bank accounts set forth on Schedule 5.06(e) to the Disclosure Letter as of the Closing Date (which bank accounts constitute all of the deposit accounts, securities accounts or other similar accounts maintained by the Obligors on the Closing Date) until the date that is ninety (90) days following the Closing Date; provided, further, that notwithstanding anything else in this Section 5.06(e), the Obligors may maintain bank accounts with financial institutions that are not Globally Systemic Important Banks which, individually or in the aggregate with all other similarly situated deposit accounts (other than Excluded Accounts), have a balance not to exceed $3,000,000 at any time. In addition, no Obligor will establish or (other than bank accounts in existence on the Closing Date and disclosed on the Perfection Certificate, which are subject to the requirement set

forth in Section 2.03(c)(i)) maintain any bank account unless (x) Purchaser Agent is provided at least ten (10) Business Days' prior written notice of the establishment of such account and (y) Purchaser Agent, such Obligor and the bank or other financial institution at which the account is to be opened or maintained enter into a Control Agreement regarding such bank account prior to depositing any funds into such new bank account and in any event within fifteen (15) days following the opening of such new bank account; provided that the foregoing requirements to provide notice and deliver a Control Agreement shall not apply to any Excluded Account, whether now existing or opened hereafter; provided further that in the event that any Excluded Account cease to be an Excluded Account it shall be subject to the requirement to deliver a Control Agreement as if such account was opened on the day it ceased to be an Excluded Account. The Obligors shall provide Purchaser Agent with read-only online access to all deposit accounts, securities accounts or other similar accounts maintained by any Obligor and any of their Subsidiaries.

(f) Each Obligor shall keep its and its Subsidiaries' business and the Collateral insured for risks and in amounts customary for companies in the Obligors' industry and location. All property policies shall have a lender's loss payable endorsement showing Purchaser Agent as lender loss payee and waive subrogation against Purchaser Agent, and all liability policies shall show, or have endorsements showing, Purchaser Agent as additional insured. Purchaser Agent shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Purchaser Agent, that it will give Purchaser Agent thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled; provided that, if any such provider does not agree to provide such notice, then the applicable Obligor or Subsidiary shall not materially alter or cancel any such policy or policies without giving Purchaser Agent thirty (30) days prior written notice. At Purchaser Agent's request, the Obligors shall deliver copies of policies and evidence of all premium payments.

Section 5.07 Put Option; Call Option.

(a) Put Option.

(i) Upon the occurrence of a Put Option Event, the Purchasers, or the Purchaser Agent on behalf of the Purchasers, will have the option to accelerate and require the Company to repurchase all, but not less than all, of the Revenue Interests and to terminate the Purchaser Commitments for a payment equal to the then-current Put/Call Price as of the date of the Put Option Closing Date (the "Put Option"). The Purchasers or the Purchaser Agent may exercise the Put Option at any time after the occurrence of a Put Option Event by delivering to the Company written notice thereof (the "Put Notice"). If Purchasers (or the Purchaser Agent) exercise the Put Option, then on the date specified in the Put Notice (which may be immediate) (the "Put Option Closing Date"), the Company will pay the Put/Call Price to the Purchaser by wire transfer of immediately available funds to the account or accounts designated by the Purchaser Agent.

(ii) Notwithstanding anything to the contrary contained herein, (i) immediately upon the occurrence of a Bankruptcy Event, the Purchasers shall be deemed to have automatically and simultaneously elected to require the Company to repurchase the Revenue Interests and to terminate the Purchaser Commitments and the applicable Put/Call Price shall be immediately due and payable and the Purchaser Commitments shall be immediately terminated, without any further action or notice by any party, and (ii) in the case of a Put Option Event constituting a Change of Control, the Purchasers (or Purchaser Agent) may deliver a Put Notice in advance of a

Change of Control specifying that the Put Option is exercised contingent upon such Change of Control and that the Put Option Closing Date shall be the date of such Change of Control.

(iii) For the avoidance of doubt, (A) the Purchasers' election not to exercise the Put Option with respect to a given Put Option Event will not preclude the Purchasers from exercising the Put Option with respect to a continuing or subsequent Put Option Event, (B) a Put Option Event shall be deemed to exist at all times during the period commencing on the date that such Put Option Event occurs to the date on which such Put Option Event is waived in writing pursuant to this Agreement, and (C) a Put Option Event shall "continue" or be "continuing" until such Put Option Event has been waived in writing by the Purchases.

(iv) Upon the occurrence and during the continuance of a Put Option Event, unless payment of the applicable Put/Call Price has been made when due, the Purchasers and the Purchaser Agent, on behalf of the Purchasers, may exercise all rights and remedies available to the Purchasers or the Purchaser Agent as creditors hereunder and under the other Transaction Documents and Applicable Law (which exercise may be determined in its sole discretion and which such exercise shall not constitute an election of remedies), including enforcement of the Liens created thereby. For the avoidance of doubt, the parties hereto intend for the Revenue Interests to constitute a debt obligation of the Company arising out of a loan made by the Purchasers pursuant to this Agreement in the amount of the Cumulative Purchaser Payments and, in consideration for such loan, the applicable Put/Call Price shall be due and payable at any time the Put Option or the Call Option is exercised or the Obligations are otherwise accelerated hereunder for any reason, whether due to acceleration pursuant to the terms of this Agreement, by operation of law or otherwise (including where bankruptcy filings or the exercise of any bankruptcy right or power, whether in any plan of reorganization or otherwise, results or would result in a payment, discharge, modification or other treatment of the Revenue Interests that would otherwise evade, avoid, or otherwise disappoint the expectations of the Purchasers in receiving the full benefit of the bargained-for Put/Call Price). The Company and the Purchasers acknowledge and agree that none of the Put/Call Price shall constitute unmatured interest, whether under Section 502(b)(2) of the United States Bankruptcy Code or otherwise, but instead is reasonably calculated to ensure that the Purchasers receive the benefit of their bargain under the terms of this Agreement. The Company acknowledges and agrees that the Purchasers shall be entitled to recover the full amount of the applicable Put/Call Price in each and every circumstance such amount is due pursuant to or in connection with this Agreement, including in the case of any Bankruptcy Event, so that the Purchasers shall receive the benefit of its bargain hereunder and otherwise receive full recovery as agreed under every possible circumstance, and, to the fullest extent permitted by maximum law, the Company hereby waives any defense to payment, whether such defense may be based in public policy, ambiguity, or otherwise. The Company further acknowledges and agrees, and, to the fullest extent permitted by Applicable Law, waives any argument to the contrary, that payment of such amounts does not constitute a penalty or an otherwise unenforceable or invalid obligation. Any damages that the Purchasers may suffer or incur resulting from or arising in connection with any breach hereof or thereof by the Company shall constitute secured Obligations.

(b) Call Option. At any time during the Term, the Company will have the option to repurchase all, but not less than all of, the Revenue Interests for a payment equal to the then-current Put/Call Price (the "Call Option"). The Company may exercise the Call Option at any time during the Term by delivering to the Purchaser Agent written notice thereof (the "Call Notice"). If the Company exercises the Call Option, then within ten (10) days following the date of delivery of the Call Notice (the "Call

Closing Date"), the Company will pay the then-current Put/Call Price to the Purchasers by wire transfer of immediately available funds to the account or accounts designated by the Purchaser Agent. Effective as of the Call Closing Date, all Purchaser Commitments shall terminate. Notwithstanding anything to the contrary contained in this Agreement, the Company may rescind any Call Notice and payment pursuant to this Section 5.07(b) if such payment would have resulted from a refinancing of the Obligations, which refinancing shall not be consummated or shall otherwise be delayed; provided that the Company must provide the Purchaser Agent with a new notice at least five (5) days prior to any Call Closing Date if the Company has rescinded the notice.

(c) Right of Set-off; Sharing of Set-off. If any amount payable hereunder is not paid as and when due, each Obligor irrevocably authorizes the Purchasers to proceed, to the fullest extent permitted by Applicable Law, without prior notice, by right of set-off, counterclaim or otherwise, against any assets of such Obligor in any currency that may at any time be in the possession of the Purchaser Agent, any Purchaser or any of their respective Affiliates, to the full extent of all amounts payable to the Purchasers hereunder; provided, however, that the Purchaser Agent shall notify the Obligors of the exercise of such right promptly following such exercise.

(d) Rights Not Exclusive. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by this Agreement or Applicable Law.

(e) Obligations of Purchaser Agent. In connection with the consummation of a repurchase of the Revenue Interests pursuant to the Put Option or the Call Option, the Purchaser Agent agrees that it will, at the sole cost and expense of the Obligors, after each Purchaser has received payment in full of its Pro Rata Portion of the applicable Put/Call Price, execute and deliver to the Obligors such UCC termination statements and other documents, and take such other actions, as may be necessary and reasonably requested by the Obligors to release the Purchaser Agent's Lien on the Collateral and otherwise give effect to such repurchase.

Section 5.08 Intellectual Property; Regulatory Approvals.

(a) Each Obligor shall, at its sole expense, either directly or by causing any Affiliate or Licensee to do so, use commercially reasonable efforts (including taking legal action to specifically enforce the applicable terms of any License Agreement) to prepare, execute, deliver and file any and all agreements, documents or instruments which are necessary to diligently prosecute and maintain the Material Patents with the intent to protect the Included Products. Each Obligor shall, at its sole expense without any reduction in the Revenue Interests, either directly or by causing an Affiliate or Licensee to do so, use commercially reasonable efforts to diligently defend or assert all Product Intellectual Property against infringement or interference by any other Persons, and against any claims of invalidity or unenforceability (including, without limitation, by bringing any legal action for infringement or defending any claim of invalidity or action of a Third Party for declaratory judgment of non-infringement or non-enforceability), except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. The Obligors shall not, and shall use their commercially reasonable efforts to cause any Licensee not to, disclaim or abandon, or fail to take any action necessary to prevent the disclaimer or abandonment of, the Material Patents, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

(b) In the event that any Obligor becomes aware that the Development, use, Manufacture or Commercialization of any Included Product infringes or violates any Intellectual Property that is owned or controlled by a Third Party, such Obligor shall use commercially reasonable efforts to attempt to

secure the right to use such Intellectual Property on behalf of itself and any affected Licensee, as applicable, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect, and shall pay all reasonable costs and amounts associated with obtaining any such license, without any reduction in the Revenue Interests.

(c) If any Obligor or Affiliate recovers monetary damages from a Third Party in an action brought for such Third Party's infringement of any Product Intellectual Property in connection with the exploitation of any product, therapy, or service that actually or prospectively competes with any Included Product or the market for such Included Product in the Covered Territory, where such damages (whether in the form of judgment or settlement) are awarded for loss of sales of such Included Product in the Covered Territory, then (i) such damages will be allocated first to the reimbursement of any expenses incurred by such Obligor or Affiliate in bringing such action (including reasonable attorney's fees) not already reimbursed from other damages awarded under the same action, (ii) any remaining amount of such damages will be reduced, if applicable, to comply with any required allocation of recovered damages with such Obligor's or Affiliate's licensors or (sub)licensees, and (iii) any residual amount of such damages after application of clauses (i) and (ii) will be treated as Net Sales of the Included Products for purposes of calculating Revenue Interest Payments under this Agreement.

(d) Each Obligor shall directly, or through an Affiliate or Licensee, take any and all actions and prepare, execute, deliver and file any and all agreements, documents or instruments to secure and maintain, all applicable Regulatory Approvals, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. Each Obligor shall provide notice to the Purchaser Agent of any Regulatory Approvals received in respect of any Included Product after the Closing Date promptly after receipt thereof.

Section 5.09 Use of Proceeds.

The Company shall use the proceeds of the Purchaser Payments solely as working capital and to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes. A portion of the proceeds of the First Payment shall be used by the Obligors to repay the Existing Indebtedness in full on the Closing Date.

Section 5.10 Protective Covenants.

(a) No Obligor nor any of their Subsidiaries shall, without the prior written consent of the Purchaser Agent:

(i) forgive, release or compromise any amount owed to such Obligor or Subsidiary and relating to the Revenue Interests, other than the disposition of receivables, or the forgiveness, release or compromise of any amount not to exceed $2,000,000 in the aggregate during the term of this Agreement, in connection with the collection, settlement or compromise thereof in the ordinary course of business;

(ii) except to the extent permitted under Section 5.12 hereof, waive, amend, cancel or terminate, exercise or fail to exercise, any of its material rights constituting or relating to the Revenue Interests (x) under any Key Contract and (y) otherwise, in each case, solely with respect to this clause (y), in any material respect, and to the extent that such action or inaction could reasonably be expected to be adverse to Purchasers or the Revenue Interests;

(iii) create, incur, assume or suffer to exist any Indebtedness, except for Permitted Indebtedness;

(iv) create, incur, assume or suffer to exist any Lien upon any of its property or assets of any kind (real or personal, tangible or intangible), or agree to do or suffer to exist any of the foregoing, except for Permitted Liens;

(v) make or permit to exist any Investment, except for Permitted Investments;

(vi) declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that (A) each Subsidiary may make Restricted Payments to the Company, to any Subsidiary that is the direct parent company of such Subsidiary, to any Full Guarantor, and to Parent, solely, in the case of Parent, to the extent necessary for Parent to pay Taxes and operate its business in compliance with Section 5.10(c), (B) Parent may declare and make dividend payments or other distributions payable solely in its Qualified Equity Interests, (C) Parent may make repurchases of Equity Interests (X) to the extent deemed to occur upon the withholding of a portion of the Equity Interests granted or awarded to a current or former officer, director, employee or consultant of the Obligors to pay for the taxes payable by such person upon such grant or award (or upon vesting or exercise thereof), and/or (Y) to satisfy the aggregate exercise price of any stock options to purchase Equity Interests that are exercised by a current or former officer, director, employee or consultant of the Obligors in a "net exercise" transaction, (D) Parent may exchange, redeem or convert in whole or in part any of its Equity Interests for or into another class of its Equity Interests (other than Disqualified Equity Interests) or rights to acquire its Equity Interests or with proceeds from substantially concurrent equity contributions or issuances of new Equity Interests (other than Disqualified Equity Interests), and (E) Parent may make cash payments in lieu of the issuance of fractional shares arising out of stock dividends, splits or combinations or in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests;

(vii) make (or give any notice or make any election with respect thereto) any voluntary or optional payment or prepayment or redemption, cash settlement (including any cash settlement upon conversion other than cash in lieu of fractional shares) or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of any Material Indebtedness of the Obligors or any Subsidiary (other than the Indebtedness arising under the Transaction Documents);

(viii) engage in any material line of business substantially different from those lines of business conducted by the Obligors and their Subsidiaries on the Closing Date or any business reasonably related, ancillary or incidental thereto;

(ix) amend, modify or change its Organization Documents in a manner materially adverse to the rights or remedies of the Purchaser Agent or the Purchasers under the Transaction Documents;

(x) Transfer any Collateral, other than (A) the use of cash and Cash Equivalents, disposition of inventory and any raw materials and work-in-process related thereto and the disposition of obsolete, worn-out or surplus equipment, in each case in the ordinary course of business, (B) the incurrence of Permitted Liens, (C) the entry into Permitted Licenses, (D) the use

of cash and Cash Equivalents to make Permitted Investments, (E) Transfers among Subsidiaries that are not Subsidiary Guarantors, (F) Transfers to an Obligor, provided that (X) in the case of a Transfer from an Obligor such Transfer does not impair the Liens of the Purchaser Agent in the Collateral subject to such Transfer and (Y) any Transfer from a Full Guarantor must be to the Company or a Full Guarantor, (G) leases or subleases in the ordinary course of business, (H) the disposition of receivables, or the forgiveness, release or compromise of any amount, in connection with the collection, settlement or compromise thereof in the ordinary course of business to the extent permitted pursuant to Section 5.10(a)(i), and (J) the abandonment, cancellation, non-renewal or discontinuance of use or maintenance of immaterial Intellectual Property (or rights relating thereto) that Parent reasonably determines in good faith, and, in respect of immaterial Intellectual Property related to any Included Product, after reasonable consultation with the Purchaser Agent, is desirable in the conduct of its business and not disadvantageous to the interests of the Purchasers, including that such abandonment, cancellation, non-renewal or discontinuance of use or maintenance could not reasonably be expected to have an adverse effect in any material respect on the Revenue Interests (including, without limitation, timing, amount or duration thereof) or to have a Material Adverse Effect;

(xi) Enter into any Restricted Licenses; or

(xii) change the fiscal year end (other than, in the case of the Company or any Subsidiary, to conform to Parent's fiscal year end).

(b) No Obligor may take any action or engage in any transaction (or series of actions or transactions), whether by reorganization, Transfer of assets, merger, dissolution, amendment of organizational documents or otherwise, the primary purpose of which is to evade, avoid or seek to avoid the performance or observance of the covenants, agreements or obligations of the Obligors under the Transaction Documents.

(c) Parent will not engage in any business or conduct any activity (including the making of any Investment or entry into any agreement) or own or Transfer any assets other than (i) ownership of Equity Interests in the Company, (ii) activities and contractual rights incidental to maintenance of its organizational existence and status as a passive holding company and publicly traded company, (iii) activities relating to the performance of its rights and obligations under the Transaction Documents in each case in accordance with the terms thereof, (iv) any public offering of its common stock or any other issuance or registration of its Equity Interests for sale or resale, (v) any activities expressly permitted by Section 5.10(a), (vi) the performance of ministerial activities and the payment of Taxes and administrative fees, (vii) executing, delivering and performing rights and obligations under any employment agreements and any documents related thereto, (viii) providing indemnification to current and former directors and officers, (ix) the maintenance and administration of equity incentive and other benefit plans, (x) holding cash and Cash Equivalents, (xi) activities incidental to the foregoing business and activities and (xii) as otherwise required to comply with Applicable Law or binding, non-appealable court orders. Without limitation of the foregoing, Parent will not, directly or indirectly, consolidate or merge with or into any other Person (except in connection with a Change of Control).

Section 5.11 Taxes.

(a) Each Obligor shall timely file (taking into account all extensions of due dates) all income and all other material Tax Returns required to be filed by it and will pay all material Taxes required to be paid with such returns.

(b) Purchaser Agent, each Purchaser and each Obligor agree that (i) the transactions contemplated by this agreement are intended to constitute and shall be treated by the parties as a debt instrument for U.S. federal and applicable state and local income tax purposes, (ii) the yield on such instrument shall be determined assuming that the Revenue Interest Period will end when the Purchasers have received 195% of the Cumulative Purchaser Payments (and, as applicable that the Put/Call Price will be determined pursuant to clause (c) of the definition thereof), and (iii) the payments of interest under such debt instrument qualify as "portfolio interest" within the meaning of Section 871(h)(2) of the Code or are exempt from withholding under Article 11 of the income tax treaty between the United States and Ireland. None of the Purchasers nor any Obligor shall take any Tax position inconsistent with the foregoing unless otherwise required by a determination within the meaning of Section 1313(a) of the Code.

(c) The debt instrument resulting from the transactions contemplated by this Agreement is a contingent payment debt instrument for U.S. federal income tax purposes, Requests for information regarding the projected payment schedule for the debt instrument that arises under this Agreement should be directed to the Obligor in care of Dale Sander.

(d) On or prior to the Closing Date, each Purchaser shall deliver to the Company a duly completed and valid (i) IRS Form W-9 certifying that such Purchaser is a United States person, as such term is defined in Section 7701(a)(30) of the Code, (ii) applicable IRS Form W-8BEN-E claiming treaty benefits under a double taxation treaty in a manner qualifying for a zero percent (0%) withholding rate, (iii) certification that such Purchaser is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Parent within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" related to Parent as described in Section 881(c)(3)(C) of the Code together with a duly completed and valid IRS Form W-8BEN or IRS Form BEN-E, (iv) IRS Form W-8IMY to which the forms set forth in the preceding (i), (ii), and (iii) are attached, or (v) other applicable IRS Form W-8 that indicates no withholding is required with respect to the Revenue Interest Payments and, if applicable, payment of the Put/Call Price, (in each case ((i) through (v)), the "IRS Withholding Form"), and Purchaser shall provide an updated IRS Withholding Form to the Company throughout the Revenue Interest Period whenever required in order for the Company to have on file a duly completed and valid IRS Withholding Form.

(e) The Obligors covenant to each Purchaser that all amounts payable hereunder shall be paid without deduction or withholding for any Taxes pursuant to any Applicable Law in effect on the date hereof, provided that such Purchaser satisfies its obligation to deliver the IRS Withholding Form to the Company pursuant to paragraph (c) of this Section 5.11 including all information necessary to avoid withholding under FATCA. To the extent any amount of tax is withheld at source from a payment made pursuant to this Agreement (other than Excluded Taxes), the sum payable to Purchasers shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the Purchasers receive an amount equal to what they would have received had no deduction or withholding been made.

Section 5.12 Material Contracts.

(a) Each Obligor and its Affiliates shall comply with all material terms and conditions of and fulfill all of its material obligations under all the Material Contracts, except, solely in the case of any Material Contracts that are not Key Contracts, as could not reasonably be expected to have a Material Adverse Effect.

(b) No Obligor nor any of their respective Affiliates shall, without the prior consent of the Purchaser Agent, which shall not be unreasonably withheld, conditioned or delayed, enter into any amendment, waiver or modification to any Key Contract or take or omit to take any action that results in the termination of any Key Contract or that permits a Key Contract to be terminated by any counterparty thereto prior to its stated date of expiration; provided that the Obligors and their respective Affiliates shall be permitted to enter into replacements, extensions or renewals to any Key Contract on terms that are substantially the same or more favorable to the Obligors' and the Purchasers' interests.

(c) No Obligor nor any of their respective Affiliates shall enter into any amendment, waiver or modification to any Material Contract that is not a Key Contract or take or omit to take any action that results in the termination of any such Material Contract or that permits such a Material Contract to be terminated by any counterparty thereto prior to its stated date of expiration, except in each case as could not reasonably be expected to be adverse in any material respect to the interests of the Purchasers or the Revenue Interests or result in a Material Adverse Effect.

(d) Upon the occurrence of a breach of any Material Contract that could reasonably be expected to have a Material Adverse Effect or upon the occurrence of a material breach of any Key Contract, in each case by any other party thereto, each Obligor shall seek to enforce all of its (and cause its Affiliates to seek to enforce all of their) rights and remedies thereunder.

Section 5.13 Employee and Pension Matters.

Other than a customary 401(k) plan, no Obligor nor any ERISA Affiliate shall sponsor, establish, maintain, participate in or incur any liability in respect of any "employee benefit plan" as defined in Section 3(3) of ERISA that is intended to be a tax-qualified plan under Section 401 of the Code and is subject to ERISA which is, or within the preceding six years was, sponsored, maintained or contributed to by, or required to be contributed by, any member of Parent and its Subsidiaries or any of their respective ERISA Affiliates.

ARTICLE VI
TERMINATION

Section 6.01 Termination Date.

Except as provided in this Section 6.01 and in Section 6.02, this Agreement shall terminate upon expiration of the Revenue Interest Period (the "Term"). If any payments are required to be made by one of the parties hereunder after that date, this Agreement shall remain in full force and effect until any and all such payments have been made in full, and (except as provided in Section 6.02) solely for that purpose. In addition, this Agreement shall sooner terminate if the Purchasers shall have exercised the Put Option in accordance with Section 5.07(a) or the Company shall have exercised the Call Option in accordance with Section 5.07(b), in each case upon the payment of the Put/Call Price and any other Obligations (other than contingent indemnity obligations for which no claim has been made).

Section 6.02 Effect of Termination.

In the event of the termination of this Agreement pursuant to Section 6.01, this Agreement shall forthwith become void and have no effect without any liability on the part of any party hereto or its Affiliates, directors, officers, stockholders, partners, managers or members other than the provisions of this Section 6.02, Section 5.04(a), Article VII and Article VIII hereof, which shall survive any termination indefinitely. Nothing contained in this Section 6.02 shall relieve any party from liability for any breach of this Agreement.

ARTICLE VII

PURCHASER AGENT

Section 7.01 Appointment and Authority. Each of the Purchasers hereby irrevocably appoints Hook SA LLC (together with any successor Purchaser Agent pursuant to Section 7.06) as the Purchaser Agent hereunder and authorizes Purchaser Agent to (i) execute and deliver the Transaction Documents and accept delivery thereof on its behalf from the Obligors and their Subsidiaries, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to the Purchaser Agent under such Transaction Documents, (iii) act as agent of such Purchaser for purposes of acquiring, holding, enforcing and perfecting all Liens granted by the Obligors on the Collateral to secure any of the Obligations and (iv) exercise such powers as are reasonably incidental thereto. Except for the last paragraph of Section 7.08, the provisions of this Article VII are solely for the benefit of the Purchaser Agent and the Purchasers, and neither the Company nor any other Obligor shall have rights as a third party beneficiary of any of such provisions. Subject to Section 7.08 and Section 8.08, any action required or permitted to be taken by the Purchaser Agent hereunder shall be taken with the prior approval of the Required Purchasers.

Section 7.02 Rights as a Purchaser. The Person serving as the Purchaser Agent hereunder shall have the same rights (including under Section 5.11) and powers, and shall be subject to the same obligations under Section 5.11, as any other Purchaser and may exercise the same as though it were not the Purchaser Agent and the term "Purchaser" or "Purchasers" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Purchaser Agent hereunder. Such Person and its Affiliates may lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Subsidiary or other Affiliate thereof as if such Person were not the Purchaser Agent hereunder and without any duty to account therefor to the Purchasers.

Section 7.03 Exculpatory Provisions.

(a) The Purchaser Agent shall not have any duties or obligations except those expressly set forth herein and in the other Transaction Documents to which it is a party. Without limiting the generality of the foregoing, the Purchaser Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a default, breach by any Obligor of the Transaction Documents or Put Option Event, or any event that, with the giving of notice or passage of time, would constitute a Put Option Event, has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Transaction Documents to which it is a party that the Purchaser Agent is required to exercise as directed in writing by the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for herein or in such other Transaction Documents), provided that the Purchaser Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Purchaser Agent to liability or that is contrary to any Transaction Document or Applicable Law; and

(iii) shall not, except as expressly set forth herein and in the other Transaction Documents to which it is a party, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Obligor or any of its Affiliates that is communicated

to or obtained by the Person serving as the Purchaser Agent or any of its Affiliates in any capacity.

(b) The Purchaser Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Purchasers (or such other number or percentage of the Purchasers as shall be necessary, or as the Purchaser Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 8.08) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The Purchaser Agent shall be deemed not to have knowledge of any default, breach by the Obligors of the Transaction Documents, or Put Option Event unless and until notice describing such default, breach of the Transaction Documents or Put Option Event is given to the Purchaser Agent in writing by the Obligors or a Purchaser.

(c) The Purchaser Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Transaction Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any default, breach of the Transaction Documents or Put Option Event, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Transaction Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article II or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Purchaser Agent.

(d) Notwithstanding anything to the contrary herein, the Purchaser Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the UCC or otherwise, shall be to deal with it in the same manner as the Purchaser Agent deals with similar property for its own account, and the Purchaser Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which comparable secured parties accord comparable collateral.

(e) In addition to and not in limitation of the provisions of this Section 7.03, under no circumstances shall the Purchaser Agent have any duty or obligation to take any actions hereunder, even if instructed to do so by the Required Purchasers, if the Purchaser Agent determines, in its sole and absolute discretion, that such actions would subject it to liability or expense for which indemnity or security satisfactory to it has not been provided hereunder or otherwise or would be contrary to the Transactions Documents or requirements of Applicable Law.

Section 7.04 Reliance by Purchaser Agent. The Purchaser Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Purchaser Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. The Purchaser Agent may consult with legal counsel (who may be counsel for the Obligors), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 7.05 Delegation of Duties. The Purchaser Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Transaction Document by or through any one

or more sub-agents appointed by the Purchaser Agent. The Purchaser Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory provisions of this Article VII shall apply to any such sub-agent and to the Affiliates of the Purchaser Agent and any such sub-agent. The Purchaser Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Purchaser Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

Section 7.06 Resignation of Purchaser Agent. The Purchaser Agent may at any time give notice of its resignation to the Purchasers and the Company upon thirty (30) days written notice. Upon the receipt of any such notice of resignation, the Required Purchasers shall have the right, in consultation with the Company so long as no default, breach by the Obligors of the Transaction Documents or Put Option Event has occurred and is continuing, to appoint a successor. If no successor shall have been so appointed by the Required Purchasers and shall have accepted such appointment within thirty (30) days after the retiring Purchaser Agent gives notice of its resignation, then the retiring Purchaser Agent may, on behalf of the Purchasers, appoint a successor Purchaser Agent; provided that, whether or not a successor has been appointed or has accepted such appointment, such resignation shall become effective upon delivery of the notice thereof. Upon the acceptance of a successor's appointment as Purchaser Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Purchaser Agent, and the retiring Purchaser Agent shall be discharged from all of its duties and obligations under the Transaction Documents (if not already discharged therefrom as provided above in this Section 7.06). After the retiring Purchaser Agent's resignation, the provisions of this Article VII and Section 8.04 shall continue in effect for the benefit of such retiring Purchaser Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while the retiring Purchaser Agent was acting as Purchaser Agent. Upon any resignation by the Purchaser Agent, all payments (if any), communications and determinations provided to be made by, to or through the Purchaser Agent shall instead be made by, to or through each Purchaser directly, until such time as a Person accepts an appointment as Purchaser Agent in accordance with this Section 7.06.

Section 7.07 Non-Reliance on Purchaser Agent and Other Purchasers. Each Purchaser acknowledges that it has, independently and without reliance upon the Purchaser Agent or any other Purchaser or any of their Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and purchase the Revenue Interests hereunder. Each Purchaser also acknowledges that it will, independently and without reliance upon the Purchaser Agent or any other Purchaser or any of their Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Transaction Document or any related agreement or any document furnished hereunder or thereunder.

Section 7.08 Collateral and Guaranty Matters. Each Purchaser agrees that any action taken by the Purchaser Agent or the Required Purchasers in accordance with the provisions of this Agreement or of the other Transaction Documents, and the exercise by the Purchaser Agent or Required Purchasers of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Purchasers. Without limiting the generality of the foregoing, the Purchasers irrevocably authorize the Purchaser Agent, at its option and in its discretion:

(a) to release any Lien on any property granted to or held by the Purchaser Agent under any Transaction Document (A) upon the discharge of the Obligations (other than contingent indemnity

obligations for which no claim has been made), (B) that is sold, transferred, disposed or to be sold, transferred, disposed as part of or in connection with any sale, transfer or other disposition (other than any sale to an Obligor; provided, however that the Purchaser Agent may make any filings necessary to reflect the transfer of Collateral from one Obligor to another) permitted hereunder or otherwise becomes an Excluded Property (as defined in the Security Agreement), (C) subject to Section 8.08, if approved, authorized or ratified in writing by the Required Purchasers or (D) to the extent such property is owned by a Subsidiary Guarantor upon the release of such Subsidiary Guarantor from its obligations under its Guaranty pursuant to clause (c) below;

(b) to release any Subsidiary Guarantor from its obligations under the Guaranty Agreement if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder; and

(c) to enter into non-disturbance and similar agreements in connection with the licensing of Intellectual Property permitted pursuant to the terms of this Agreement in form and substance reasonably satisfactory to the Purchaser Agent and the applicable licensor.

Upon request by the Purchaser Agent at any time, the Required Purchasers will confirm in writing the Purchaser Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Subsidiary Guarantor from its obligations under the Guaranty pursuant to this Section 7.08.

In each case as specified in this Section 7.08, the Purchaser Agent will (and each Purchaser irrevocably authorizes the Purchaser Agent to), at the Obligors' expense, execute and deliver to the applicable Obligor such documents as such Obligor may reasonably request (i) to evidence the release or subordination of such item of collateral from the assignment and security interest granted under the Transaction Documents, (ii) to enter into non-disturbance or similar agreements in connection with the licensing of Intellectual Property, (iii) to evidence the release of such Subsidiary Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Transaction Documents and this Section 7.08 and in form and substance reasonably acceptable to the Purchaser Agent.

The Purchaser Agent shall deliver to the Purchasers notice of any action taken by it under this Section 7.08 as soon as reasonably practicable after the taking thereof; provided, that delivery of or failure to deliver any such notice shall not affect the Purchaser Agent's rights, powers, privileges and protections under this Article VII.

Section 7.09 Reimbursement by Purchasers. To the extent that the Obligors for any reason fail to indefeasibly pay any amount required under Section 8.04 or Section 8.13 to be paid by them to the Purchaser Agent (or any sub-agent thereof) or any Affiliate of any of the foregoing, each Purchaser severally agrees to pay to the Purchaser Agent (or any such sub-agent) or such Affiliate, as the case may be, such Purchaser's Pro Rata Portion of such unpaid amount; provided that the unreimbursed expense or indemnified loss, damage, liability or related expense, as the case may be, was incurred by or asserted against the Purchaser Agent (or any such sub-agent) in its capacity as such or against any Affiliate of any of the foregoing acting for the Purchaser Agent (or any sub-agent) in connection with such capacity.

ARTICLE VIII
MISCELLANEOUS

Section 8.01 Limitations on Damages.

Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, in no event shall any party hereto be liable for special, indirect, incidental, punitive or consequential damages of any other party, whether or not caused by or resulting from the actions of such party or the breach of its covenants, agreements, representations or warranties under the Transaction Documents, even if such party has been advised of the possibility of such damages; provided, that nothing contained in this Section 8.01 shall limit the Obligors' indemnification obligations hereunder to the extent such special, indirect, consequential or punitive damages are included in any third party claim in connection with which such Indemnified Party is entitled to indemnification under any Transaction Document. In connection with the foregoing, the parties hereto acknowledge and agree that (i) Purchaser Agent's and the Purchasers' damages, if any, for any such action or claim will typically include losses for payments that the Purchasers were entitled to receive in respect of their ownership of the Revenue Interests but did not receive timely or at all due to such indemnifiable event and (ii) Purchaser Agent and the Purchasers shall be entitled to make claims for all such missing or delayed Revenue Interests as losses hereunder, and such missing or delayed Revenue Interests shall not be deemed special, indirect, incidental, punitive or consequential damages.

Section 8.02 Notices.

All notices, consents, waivers and communications hereunder or under any Transaction Document given by any party to the other shall be in writing and delivered personally, by a recognized overnight courier, or by dispatching the same by certified or registered mail, return receipt requested, with postage prepaid, or by email, in each case addressed (with a copy by email):

If to Parent or the Company:

2525 N Carolina 54
Durham, NC 27713
Attn: Dale Sander
Telephone: [***]
Email: [***]

with a copy to:

Covington & Burling LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405
Attn: Peter Schwartz
Email: [***]

If to the Purchaser Agent:

c/o Oberland Capital Management LLC
1700 Broadway, 37th Floor

New York, NY 10019
Attn: Kristian Wiggert
Telephone: [***]
Email: [***]

with a copy to:

Cooley LLP
3 Embarcadero Center
20th Floor
San Francisco, CA 94111-4004
Attn: Gian-Michele a Marca
Email: [***]

If to any Purchaser: As specified on the applicable signature page hereto.

or to such other address or addresses as the Purchaser Agent, any Purchaser, Parent or the Company may from time to time designate by notice as provided herein, except that notices of changes of address shall be effective only upon receipt. All such notices, consents, waivers and communications shall: (a) when posted by certified or registered mail, postage prepaid, return receipt requested, be effective three (3) Business Days after dispatch, unless such communication is sent trans-Atlantic, in which case they shall be deemed effective five (5) Business Days after dispatch or (b) when delivered by a recognized overnight courier or in person, be effective upon receipt when hand delivered or (c) any notice, if transmitted by email, shall be deemed given upon the earlier of (x) confirmation of receipt by the recipient and (y) the opening of business on the next Business Day for the recipient.

Section 8.03 Successors and Assigns.

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Obligors shall not be entitled to assign any of their obligations and rights under the Transaction Documents without the prior written consent of the Purchaser Agent and the Required Purchasers. The Purchaser Agent and any Purchaser shall not assign any of their obligations and rights under the Transaction Documents without the prior written consent of Parent, except that Purchaser Agent and any Purchaser may assign any of its rights under the Transaction Documents without restriction to any Eligible Assignee; provided, however, that, except to the extent such Purchaser retains its obligations to make its Pro Rata Portion of future Purchaser Payments, such Eligible Assignee shall assume in writing all such Purchaser's obligation to make future Purchaser Payments; provided, further, that the Purchaser shall provide the Company with written notice of any assignment. The Company shall maintain a "register" for the recordation of the names and addresses of, and the Purchaser Commitments of, and amounts owing to, each Purchaser and assignee owning Revenue Interest Payments. Any purported assignment not in compliance with the foregoing requirement shall be null and void.

Section 8.04 Indemnification.

(a) The Obligors hereby indemnify and hold the Purchaser Agent, each Purchaser and their respective Affiliates and any of their respective partners, directors, managers, members, officers, employees and agents (each, an "Indemnified Party") harmless from and against any and all Indemnified Liabilities, in all cases, arising, in whole or in part, out of or relating to any claim, notice, suit or

proceeding commenced or threatened in writing (including, without limitation, by electronic means) by any Person (including any Governmental Authority); provided that the Obligors shall not have any obligation to any Indemnified Party hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the bad faith, gross negligence or willful misconduct of such Indemnified Party or the breach by such Indemnified Party of its obligations to pay its Purchaser Payments hereunder.

(b) If any Third Party Claim shall be brought or alleged against an Indemnified Party in respect of which indemnity is to be sought against an indemnifying party pursuant to this Section 8.04, the Indemnified Party shall, promptly after receipt of notice of the commencement of any such Third Party Claim, notify the indemnifying party in writing of the commencement thereof, enclosing a copy of all papers served, if any; provided, that the omission to so notify such indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party under this Section 8.04 unless, and only to the extent that, the indemnifying party is actually prejudiced by such omission. In the event that any Third Party Claim is brought against an Indemnified Party and it notifies the indemnifying party of the commencement thereof in accordance with this Section 8.04, the indemnifying party will be entitled, at the indemnifying party's sole cost and expense, to participate therein and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not, subject to the immediately succeeding sentence, be liable to such indemnified party under this Section 8.04 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. In any such Third Party Claim, an Indemnified Party shall have the right to retain its own counsel, but the reasonable fees and expenses of such counsel shall be at the sole cost and expense of such Indemnified Party unless (i) the indemnifying party and the Indemnified Party shall have mutually agreed to the retention of such counsel, (ii) the indemnifying party has assumed the defense of such proceeding and has failed within a reasonable time to retain counsel reasonably satisfactory to such Indemnified Party or (iii) the named parties to any such Third Party Claim (including any impleaded parties) include both the indemnifying party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interests between them based on the advice of counsel to the indemnifying party. It is agreed that the indemnifying party shall not, in connection with any Third Party Claim or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to local counsel where necessary) for all such Indemnified Parties. The indemnifying party shall not be liable for any settlement of any Third Party Claim effected without its written consent, but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the Indemnified Party from and against any Indemnified Liabilities by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the Indemnified Party, effect any settlement, compromise or discharge of any pending or threatened Third Party Claim in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement, compromise or discharge, as the case may be, (i) includes an unconditional written release of such Indemnified Party, in form and substance reasonably satisfactory to the Indemnified Party, from all liability on claims that are the subject matter of such claim or proceeding, (ii) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any Indemnified Party and (iii) does not impose any continuing material obligation or restrictions on such Indemnified Party.

(c) A claim by an Indemnified Party under this Section 8.04 for any matter not involving a Third Party Claim and in respect of which such Indemnified Party seeks indemnification hereunder may be made by delivering, in good faith, a written notice of demand to the indemnifying party, which notice shall contain (i) a description and the amount of any Indemnified Liabilities incurred or suffered or reasonably expected to be incurred or suffered by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this Section 8.04 for such Indemnified Liabilities and a reasonable explanation of the basis therefor, and (iii) a demand for payment in the amount of such Indemnified Liabilities. Within thirty (30) days after receipt by the indemnifying party of any such notice, the indemnifying party may deliver to the Indemnified Party that delivered the notice a written response in which the indemnifying party (i) agrees that the Indemnified Party is entitled to the full amount of the Indemnified Liabilities claimed in the notice from the Indemnified Party; (ii) agrees that the Indemnified Party is entitled to part, but not all, of the amount of the Indemnified Liabilities claimed in the notice from the Indemnified Party; or (iii) indicates that the indemnifying party disputes the entire amount of the Indemnified Liabilities claimed in the notice from the Indemnified Party. If the Indemnified Party does not receive such a response from the indemnifying party within such thirty (30)-day period, then the indemnifying party shall be conclusively deemed to have agreed that the Indemnified Party is entitled to the full amount. If the indemnifying party and the Indemnified Party are unable to resolve any dispute relating to any amount of the Indemnified Liabilities claimed in the notice from the Indemnified Party within thirty (30) days after the delivery of the response to such notice from the indemnifying party, then the parties shall be entitled to resort to any legal remedy available to such party to resolve such dispute that is provided for in this Agreement, subject to all the terms, conditions and limitations of this Agreement.

Section 8.05 No Implied Representations and Warranties; Survival of Representations and Warranties.

Each party acknowledges and agrees that, other than the representations and warranties specifically contained in any of the Transaction Documents, there are no representations or warranties of either party or any other Person either expressed or implied with respect to the Revenue Interests or the transactions contemplated hereby. Without limiting the foregoing, the Purchaser Agent and each Purchasers acknowledges and agrees that the Purchaser Agent, each Purchaser and their respective Affiliates, together with their representatives, have made their own investigation of each Included Product and are not relying on any implied warranties or upon any representation or warranty whatsoever as to the future amount or potential amount of the Revenue Interests or as to the creditworthiness of the Company. All representations and warranties by the parties contained in this Agreement shall survive the execution, delivery and acceptance thereof by the parties and the closing of the transactions described in this Agreement and continue in effect until payment of all amounts due to the Purchasers under the Transaction Documents and the termination of this Agreement pursuant to its terms.

Section 8.06 Independent Nature of Relationship.

(a) The relationship between the Company, the other Obligors and the Subsidiaries, on the one hand, and the Purchaser Agent and the Purchasers, on the other, is solely that of seller and purchaser, and for U.S. federal income Tax purposes, that of debtor and creditor, and neither the Purchaser Agent and the Purchasers, on the one hand, nor the Obligors and their Subsidiaries, on the other, has any fiduciary or other special relationship with the other or any of their respective Affiliates. Nothing contained herein or in any other Transaction Document shall be deemed to constitute Parent, the Company or their Subsidiaries and the Purchaser Agent and the Purchasers as a partnership, an association, a joint venture or other kind of entity or legal form for any purposes, including for any Tax purposes.

(b) No officer or employee or agent of the Purchaser Agent or any Purchaser will be located at the premises of the Company or any of its Affiliates, except in connection with an inspection or audit performed pursuant to Section 5.01 or in connection with the enforcement of remedies as contemplated by the Transaction Documents. No officer, manager or employee of the Purchaser Agent or any Purchaser shall engage in any commercial activity with the Company or any of its Affiliates other than as contemplated herein and in the other Transaction Documents.

Section 8.07 Entire Agreement.

This Agreement, together with the Exhibits, the Schedules hereto and the Disclosure Letter (which are incorporated herein by reference), and the other Transaction Documents constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein (or in the Exhibits, Schedules, the Disclosure Letter or other Transaction Documents) has been made or relied upon by either party hereto. None of this Agreement, nor any provision hereof, is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 8.08 Amendments; No Waivers.

(a) Subject to Section 8.08(b), this Agreement, the other Transaction Documents or any term or provision hereof or thereof may not be amended, changed or modified except with the written consent of Parent, the Company, the Purchaser Agent and the Required Purchasers. No waiver of any right hereunder shall be effective unless such waiver is signed in writing by the party against whom such waiver is sought to be enforced.

(b) Without the prior written consent of each Purchaser that would be affected thereby, no amendment, modification, termination or consent shall be effective if the effect thereof would:

(i) waive, reduce or postpone any Revenue Interest Payment;

(ii) amend, modify, terminate or waive any provision of this Section 8.08;

(iii) amend the definition of “Required Purchasers” or “Pro Rata Portion”; or

(iv) release all or any substantially portion of the Collateral or release any Obligor from any of its rights and obligations under any Transaction Document (except as expressly provided in the Transaction Documents).

(c) No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.09 Interpretation.

When a reference is made in this Agreement to Articles, Sections or Exhibits, such reference shall be to an Article, Section or Exhibit to this Agreement unless otherwise indicated. When a reference is made in this Agreement to Schedules, such reference shall be to a Schedule to the Disclosure Letter

unless otherwise indicated. The words “include”, “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation”. Neither party hereto shall be or be deemed to be the drafter of this Agreement for the purposes of construing this Agreement against one party or the other.

Section 8.10 Headings and Captions.

The headings and captions in this Agreement are for convenience and reference purposes only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 8.11 Counterparts; Effectiveness; Electronic Signature.

This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto. Any counterpart may be executed by facsimile or pdf signature and such facsimile or pdf signature shall be deemed an original. The words ‘execution’, ‘signed’, ‘signature’, ‘delivery’ and words of like import in or relating to any document to be signed in connection with this Agreement or any other Transaction Document and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar State laws based on the Uniform Electronic Transactions Act; provided, that nothing herein shall require any Person to accept electronic signatures in any form or format without its prior written consent. Without limiting the generality of the foregoing, the parties hereto hereby (a) agree that, for all purposes, including in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Purchasers and the Obligors, electronic images of this Agreement or any other Transaction Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (b) waive any argument, defense or right to contest the validity or enforceability of the Transaction Documents based solely on the lack of paper original copies of any Transaction Documents, including with respect to any signature pages thereto.

Section 8.12 Severability.

If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall nevertheless be given full force and effect.

Section 8.13 Expenses.

The Obligors will pay all of their own fees and expenses in connection with entering into and consummating the transactions contemplated by this Agreement.

Section 8.14 Governing Law; Jurisdiction.

(a) This Agreement shall be governed by, and construed, interpreted and enforced in accordance with, the laws of the state of New York, without giving effect to the principles of conflicts of law thereof.

(b) Any legal action or proceeding with respect to this Agreement or any other Transaction Document may be brought in any state or federal court of competent jurisdiction in the State of New York, County of New York. By execution and delivery of this Agreement, each party hereto hereby irrevocably consents to and accepts, for itself and in respect of its property, generally and unconditionally the non-exclusive jurisdiction of such courts. Each party hereto hereby further irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of any Transaction Document.

(c) Each party hereto hereby irrevocably consents to the service of process out of any of the courts referred to in clause (b) of this Section 8.14 in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address set forth in this Agreement. Each party hereto hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any suit, action or proceeding commenced hereunder or under any other Transaction Document that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of a party to serve process on the other party in any other manner permitted by law.

Section 8.15 Waiver of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO ANY TRANSACTION DOCUMENT OR THE TRANSACTIONS CONTEMPLATED UNDER ANY TRANSACTION DOCUMENT. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO ANY TRANSACTION DOCUMENT.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

PARENT: HUMACYTE, INC.

By: /s/ Dale Sander
Name: Dale Sander
Title: Chief Financial Officer

COMPANY: HUMACYTE GLOBAL, INC.

By: /s/ Dale Sander
Name: Dale Sander
Title: Chief Financial Officer

PURCHASER AGENT: HOOK SA LLC

By: /s/ David Dubinsky
Name: David Dubinsky
Title: Authorized Signatory

PURCHASERS: TPC INVESTMENTS III LP

By: /s/ David Dubinsky
Name: David Dubinsky
Title: Authorized Signatory

TPC INVESTMENTS SOLUTIONS LP

By: /s/ David Dubinsky
Name: David Dubinsky
Title: Authorized Signatory

[Signature Page to Revenue Interest Purchase Agreement]

Exhibit 31.1

CERTIFICATION

I, Laura E. Niklason, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Humacyte, Inc. for the quarter ended June 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Laura E. Niklason

Name: Laura E. Niklason, M.D., Ph.D.

Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Dale A. Sander, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Humacyte, Inc. for the quarter ended June 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Dale A. Sander

Name: Dale A. Sander

Title: Chief Financial Officer, Chief Corporate Development Officer and Treasurer

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Humacyte, Inc. (the "Company") for the quarter ended June 30, 2023 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Laura E. Niklason, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2023

By: /s/ Laura E. Niklason

Name: Laura E. Niklason, M.D., Ph.D.

Title: President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Humacyte, Inc. (the "Company") for the quarter ended June 30, 2023 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Dale A. Sander, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2023

By: /s/ Dale A. Sander

Name: Dale A. Sander

Title: Chief Financial Officer, Chief Corporate Development Officer and Treasurer