

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

OR

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: 001-40560

ProKidney Corp.

(Exact Name of Registrant as Specified in its Charter)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)
2000 Frontis Plaza Blvd., Suite 250
Winston-Salem, NC
(Address of principal executive offices)

98-1586514
(I.R.S. Employer
Identification No.)

27103
(Zip Code)

Registrant's telephone number, including area code: (336) 999-7028

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------------------------------|----------------------|-------------------------------------------|
| Class A ordinary shares, \$0.0001 par value per share | PROK | The Nasdaq Stock Market |

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input checked="" type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

| Class of Stock | Shares Outstanding as of August 10, 2023 |
|-------------------------------------------------------|------------------------------------------|
| Class A ordinary shares, par value \$0.0001 per share | 61,590,231 |

Table of Contents

| | Page |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| PART I. | |
| | <u>Financial Information (Unaudited)</u> |
| Item 1. | <u>Financial Statements</u> |
| | <u>Condensed Consolidated Balance Sheets</u> |
| | <u>Condensed Consolidated Statements of Operations</u> |
| | <u>Condensed Consolidated Statements of Comprehensive Loss</u> |
| | <u>Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interest and Shareholders' Deficit / Members' Equity</u> |
| | <u>Condensed Consolidated Statements of Cash Flows</u> |
| | <u>Notes to Unaudited Condensed Consolidated Financial Statements</u> |
| Item 2. | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> |
| Item 3. | <u>Quantitative and Qualitative Disclosures About Market Risk</u> |
| Item 4. | <u>Controls and Procedures</u> |
| PART II. | <u>Other Information</u> |
| Item 1. | <u>Legal Proceedings</u> |
| Item 1A. | <u>Risk Factors</u> |
| Item 2. | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> |
| Item 3. | <u>Defaults Upon Senior Securities</u> |
| Item 4. | <u>Mine Safety Disclosures</u> |
| Item 5. | <u>Other Information</u> |
| Item 6. | <u>Exhibits</u> |
| | <u>Signatures</u> |

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

ProKidney Corp.
Condensed Consolidated Balance Sheets
(in thousands, except share data)

| | June 30, 2023 (Unaudited) | December 31, 2022 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 243,553 | \$ 490,252 |
| Marketable securities | 202,575 | — |
| Interest receivable | 8,090 | — |
| Prepaid assets | 4,226 | 2,624 |
| Prepaid clinical | 7,385 | 10,459 |
| Other current assets | 603 | 1,384 |
| Total current assets | 466,432 | 504,719 |
| Fixed assets, net | 14,803 | 10,708 |
| Right of use assets, net | 2,880 | 2,356 |
| Intangible assets, net | 106 | 213 |
| Total assets | \$ 484,221 | \$ 517,996 |
| Liabilities and Shareholders' Deficit/Members' Equity | | |
| Accounts payable | \$ 2,832 | \$ 3,044 |
| Lease liabilities | 654 | 493 |
| Accrued expenses and other | 20,945 | 7,336 |
| Income taxes payable | 66 | — |
| Total current liabilities | 24,497 | 10,873 |
| Income tax payable, net of current portion | 494 | 278 |
| Lease liabilities, net of current portion | 2,286 | 1,906 |
| Total liabilities | 27,277 | 13,057 |
| Commitments and contingencies | | |
| Redeemable noncontrolling interest | 1,779,198 | 1,601,555 |
| Shareholders' deficit / members' equity: | | |
| Class A ordinary shares, \$0.0001 par value; 500,000,000 shares authorized; 61,590,231 and 61,540,231 issued and outstanding as of June 30, 2023 and December 31, 2022, respectively | 6 | 6 |
| Class B ordinary shares, \$0.0001 par value; 500,000,000 shares authorized; 173,663,427 and 171,578,320 issued and outstanding as of June 30, 2023 and December 31, 2022, respectively | 18 | 18 |
| Additional paid-in capital | 30,957 | 7,476 |
| Accumulated other comprehensive loss | (127) | — |
| Accumulated deficit | (1,353,108) | (1,104,116) |
| Total shareholders' deficit / members' equity | (1,322,254) | (1,096,616) |
| Total liabilities and shareholders' deficit/members' equity | \$ 484,221 | \$ 517,996 |

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

ProKidney Corp.
Condensed Consolidated Statements of Operations - Unaudited
(in thousands, except for share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------------------------------------------------------|-----------------------------|--------------------|---------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Operating expenses | | | | |
| Research and development | \$ 26,364 | \$ 11,558 | \$ 51,981 | \$ 40,048 |
| General and administrative | 13,455 | 9,180 | 28,714 | 47,152 |
| Total operating expenses | 39,819 | 20,738 | 80,695 | 87,200 |
| Operating loss | (39,819) | (20,738) | (80,695) | (87,200) |
| Other income (expense): | | | | |
| Interest income | 5,965 | – | 11,262 | – |
| Interest expense | (4) | (170) | (7) | (184) |
| Net loss before income taxes | (33,858) | (20,908) | (69,440) | (87,384) |
| Income tax expense | 965 | 1,223 | 2,292 | 2,233 |
| Net loss before noncontrolling interest | (34,823) | (22,131) | (71,732) | (89,617) |
| Net loss attributable to noncontrolling interest | (25,705) | – | (52,949) | – |
| Net loss available to Class A ordinary shareholders | <u>\$ (9,118)</u> | <u>\$ (22,131)</u> | <u>\$ (18,783)</u> | <u>\$ (89,617)</u> |
| Weighted average Class A ordinary shares outstanding: ⁽¹⁾ | | | | |
| Basic and diluted | 64,562,209 | | 64,551,281 | |
| Net loss per share attributable to Class A ordinary shares: ⁽¹⁾ | | | | |
| Basic and diluted | <u>\$ (0.14)</u> | | <u>\$ (0.29)</u> | |

⁽¹⁾ The Company analyzed the calculation of net loss per share for periods prior to the Business Combination, as defined in Note 1, on July 11, 2022 and determined that it resulted in values that would not be meaningful to the users of the consolidated financial statements, as the capital structure completely changed as a result of the Business Combination. Therefore, net loss per share information has not been presented for periods prior to the Business Combination. For more information refer to Note 8.

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

ProKidney Corp.
Condensed Consolidated Statements of Comprehensive Loss - Unaudited
(in thousands, except for share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------------------------------------------------------|-----------------------------|--------------------|---------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net loss including noncontrolling interest | \$ (34,823) | \$ (22,131) | \$ (71,732) | \$ (89,617) |
| Other comprehensive (loss) income: | | | | |
| Unrealized gain (loss) on marketable securities | (413) | – | (485) | – |
| Other comprehensive loss | (413) | – | (485) | – |
| Total comprehensive loss including noncontrolling interest | (35,236) | (22,131) | (72,217) | (89,617) |
| Less: Total comprehensive loss attributable to noncontrolling interest | (26,010) | – | (53,307) | – |
| Total comprehensive loss attributable to Class A ordinary shareholders | <u>\$ (9,226)</u> | <u>\$ (22,131)</u> | <u>\$ (18,910)</u> | <u>\$ (89,617)</u> |

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

ProKidney Corp.

Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interest and Shareholders' Deficit / Members' Equity - Unaudited
(in thousands, except for share and per share data)

For the Three Months Ended June 30, 2023

| | Redeemable Noncontrolling Interest | Class A Ordinary Shares | | Class B Ordinary Shares | | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Shareholders' Deficit / Members' Equity |
|---------------------------------------------------------------------|------------------------------------|-------------------------|--------|-------------------------|--------|----------------------------|--------------------------------------|---------------------|-----------------------------------------------|
| | | Shares | Amount | Shares | Amount | | | | |
| | | | | | | | | | |
| Balance as of April 1, 2023 | 2,082,488 | 61,540,231 | \$ 6 | 173,448,661 | \$ 18 | 21,792 | \$ (19) | \$ 3,307 | \$ 1,510 |
| Equity-based compensation | 2,762 | – | – | – | – | 8,440 | – | – | 8,440 |
| Issuance of Class A ordinary shares | – | 50,000 | – | – | – | – | – | – | – |
| Vesting of Class B restricted stock rights | – | – | – | 218,566 | – | – | – | – | – |
| Impact of equity transactions on redeemable noncontrolling interest | (725) | – | – | – | – | 725 | – | – | 725 |
| Unrealized loss on marketable securities | (305) | – | – | – | – | – | (108) | – | (108) |
| Net loss | (25,705) | – | – | – | – | – | – | (9,118) | (9,118) |
| Change in redemption value of noncontrolling interest | (279,317) | – | – | – | – | – | – | 279,317 | 279,317 |
| Balance as of June 30, 2023 | 1,779,198 | 61,590,231 | \$ 6 | 173,663,427 | \$ 18 | 30,957 | \$ (127) | \$ 3,108 | \$ 2,254 |

For the Three Months Ended June 30, 2022

| | Class A | | Class B | Accumulated | Total Members' |
|-----------------------------|-------------|------------|-------------------|--------------|----------------|
| | Units | Amount | Profits Interests | Deficit | Equity |
| | | | | | |
| Balance as of April 1, 2022 | 186,500,000 | – | 62,663 | (228,996) | 20,167 |
| Capital contribution | – | – | 500 | – | 500 |
| Equity-based payments | – | – | 8,001 | – | 8,001 |
| Net loss | – | – | – | (22,131) | (22,131) |
| Balance as of June 30, 2022 | 186,500,000 | \$ 186,500 | \$ 71,164 | \$ (251,127) | \$ 6,537 |

ProKidney Corp.

Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interest and Shareholders' Deficit / Members' Equity - Unaudited
(in thousands, except for share and per share data)

For the Six Months Ended June 30, 2023

| | Redeemable Noncontrolling Interest | Class A Ordinary Shares | | Class B Ordinary Shares | | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Shareholders' Deficit / Members' Equity |
|---------------------------------------------------------------------|------------------------------------|-------------------------|--------|-------------------------|--------|----------------------------|--------------------------------------|---------------------|-----------------------------------------------|
| | | Shares | Amount | Shares | Amount | | | | |
| Balance as of January 1, 2023 | 1,605 | 61,540 | 6 | 171,578,320 | 18 | 7,476 | – | (1,104,116) | (1,096,616) |
| Equity-based compensation | 5,219 | – | – | – | – | 19,003 | – | – | 19,003 |
| Issuance of Class A ordinary shares | – | 50,000 | – | – | – | – | – | – | – |
| Vesting of Class B restricted stock rights | – | – | – | 2,085,107 | – | – | – | – | – |
| Impact of equity transactions on redeemable noncontrolling interest | (4,478) | – | – | – | – | 4,478 | – | – | 4,478 |
| Unrealized loss on marketable securities | (358) | – | – | – | – | – | (127) | – | (127) |
| Net loss | (52,949) | – | – | – | – | – | – | (18,783) | (18,783) |
| Change in redemption value of noncontrolling interest | 230,209 | – | – | – | – | – | – | (230,209) | (230,209) |
| Balance as of June 30, 2023 | 1,779 | 61,590 | 6 | 173,663,427 | 18 | 30,957 | – | (1,353,108) | (1,322,254) |

For the Six Months Ended June 30, 2022

| | Class A | | Class B | Accumulated | Total Members' |
|-------------------------------|-------------|------------|-------------------|--------------|----------------|
| | Units | Amount | Profits Interests | Deficit | Equity |
| Balance as of January 1, 2022 | 186,500,000 | \$ 186,500 | \$ 1,927 | \$ (161,510) | \$ 26,917 |
| Capital contribution | – | – | 6,050 | – | 6,050 |
| Equity-based payments | – | – | 63,187 | – | 63,187 |
| Net loss | – | – | – | (89,617) | (89,617) |
| Balance as of June 30, 2022 | 186,500,000 | \$ 186,500 | \$ 71,164 | \$ (251,127) | \$ 6,537 |

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

ProKidney Corp.
Condensed Consolidated Statements of Cash Flows – Unaudited
(in thousands)

| | Six Months Ended June 30, | |
|------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|
| | 2023 | 2022 |
| Cash flows from operating activities | | |
| Net loss before noncontrolling interest | \$ (71,732) | \$ (89,617) |
| Adjustments to reconcile net loss before noncontrolling interest to net cash flows used in operating activities: | | |
| Depreciation and amortization | 1,702 | 1,462 |
| Equity-based compensation | 24,222 | 60,685 |
| Gain on marketable securities, net | (1,981) | – |
| Loss on disposal of equipment | 3 | – |
| Changes in operating assets and liabilities | | |
| Interest receivable | (8,090) | – |
| Deferred offering costs | – | (6,905) |
| Prepaid and other assets | 2,256 | (5,320) |
| Accounts payable and accrued expenses | 12,430 | (520) |
| Income taxes payable | 282 | 1,730 |
| Net cash flows used in operating activities | (40,908) | (38,485) |
| Cash flows used in investing activities | | |
| Purchases of marketable securities | (261,847) | – |
| Sales of marketable securities | 60,768 | – |
| Purchase of equipment and facility expansion | (4,686) | (1,225) |
| Net cash flows used in investing activities | (205,765) | (1,225) |
| Cash flows from financing activities | | |
| Payments on finance leases | (26) | (16) |
| Borrowings under related party notes payable | – | 35,000 |
| Net cash contribution | – | 6,050 |
| Net cash flows (used in) provided by financing activities | (26) | 41,034 |
| Net change in cash and cash equivalents | (246,699) | 1,324 |
| Cash, beginning of period | 490,252 | 20,558 |
| Cash, end of period | <u>\$ 243,553</u> | <u>\$ 21,882</u> |
| Supplemental disclosure of non-cash investing activities: | | |
| Right of use assets obtained in exchange for lease obligations | <u>\$ 714</u> | <u>\$ 878</u> |
| Impact of equity transactions and compensation on redeemable noncontrolling interest | <u>\$ 380</u> | <u>\$ –</u> |
| Change in redemption value of noncontrolling interest | <u>\$ 230,209</u> | <u>\$ –</u> |
| Equipment and facility expansion included in accounts payable and accrued expenses | <u>\$ 689</u> | <u>\$ 529</u> |

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

ProKidney Corp.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1: Description of Business and Basis of Presentation

Description of Business

ProKidney Corp. (the “Company” or “ProKidney”) was originally incorporated as Social Capital Suvretta Holdings Corp. III (“SCS”). SCS was a blank check company incorporated as a Cayman Islands exempted company on February 25, 2021. SCS was incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses.

On January 18, 2022, SCS executed a definitive business combination agreement (the “Business Combination Agreement”), with ProKidney LP (“PKLP”), a limited partnership under the laws and regulations of Ireland. Pursuant to the terms of the Business Combination Agreement, PKLP became a subsidiary of SCS and was organized in an umbrella partnership corporation (“Up-C”) structure, which would provide potential future tax benefits for SCS when the equity holders ultimately exchanged their pass-through interests for Class A ordinary shares. The transaction closed (the “Closing”) on July 11, 2022 (the “Closing Date”). Upon consummation of the transaction, SCS changed its name to ProKidney Corp.

The business combination between SCS and PKLP (the “Business Combination”) resulted in gross proceeds of approximately \$596,537,000. This amount reflected a contribution of \$21,737,000 of cash held in SCS’ trust account, net of redemptions, and a \$574,800,000 concurrent private placement of Class A ordinary shares of the combined company, priced at \$10.00 per share (the “PIPE Placement”). Upon close, these proceeds were used to repay the outstanding balance of \$35,000,000 under PKLP’s two promissory note agreements with certain holders of its Class A Units (the “Promissory Notes”) and related accrued interest. Additionally, the proceeds were used to pay those expenses previously incurred by SCS related to the Business Combination of approximately \$21,029,000 as well as advisory and placement fees of approximately \$29,389,000 incurred in connection with the PIPE Placement.

The Business Combination was accounted for as a reverse recapitalization transaction between entities under common control, through which PKLP was considered the accounting acquiror and predecessor entity. The Business Combination was reflected as the equivalent of PKLP issuing stock for the net assets of SCS accompanied by a recapitalization with no goodwill or intangible assets recognized.

ProKidney Corp., through its operating subsidiaries, ProKidney, which is incorporated under the Cayman Islands Companies Act (as amended) as an exempted company (“ProKidney-KY”) and ProKidney LLC, a limited liability company under the laws of Delaware (“ProKidney-US”) is focused on the development of its Renal Autologous Cell Therapy, which has the potential to preserve kidney function in patients with chronic kidney disease or delay or eliminate the need for dialysis and organ transplantation.

Principles of Consolidation

ProKidney is a holding company, and its principal asset is a controlling equity interest in PKLP and its wholly-owned operating subsidiaries ProKidney-KY and ProKidney-US. The Company has determined that PKLP is a variable-interest entity for accounting purposes and that ProKidney is the primary beneficiary of PKLP because (through its managing member interest in PKLP and the fact that the senior management of ProKidney is also the senior management of PKLP) it has the power and benefits to direct all of the activities of PKLP, which include those that most significantly impact PKLP’s economic performance. The Company has therefore consolidated PKLP’s results pursuant to Accounting Standards Codification Topic 810, “Consolidation” in its Condensed Consolidated Financial Statements. As of June 30, 2023, various holders own non-voting interests in PKLP, representing a 73.8% economic interest in PKLP, effectively restricting ProKidney’s interest to 26.2% of PKLP’s economic results, subject to increase in the future, should ProKidney purchase additional non-voting common units (“PKLP Units”) of PKLP, or should the holders of PKLP Units decide to exchange such units (together with shares of Class B ordinary shares) for Class A ordinary shares (or cash) pursuant to the Exchange Agreement (as defined in Note 6). The Company will not be required to provide financial or other support for PKLP. However, ProKidney will control its business and other activities through its managing member interest in PKLP, and its management is the management of PKLP. Nevertheless, because ProKidney will have no material assets other than its interests in PKLP and its subsidiaries, any financial difficulties at PKLP could result in ProKidney recognizing a loss.

All intercompany transactions and balances have been eliminated.

Note 2: Significant Accounting Policies

Unaudited Interim Financial Statements

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The accompanying Condensed Consolidated Balance Sheet as of June 30, 2023, Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023 and 2022, Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2023 and 2022, Condensed Consolidated Statement of Changes in Redeemable Noncontrolling Interest and Shareholders’ Deficit / Members’ Equity for the three and six months ended June 30, 2023 and 2022 and Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022 are unaudited. These unaudited financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company’s financial position as of June 30, 2023, the 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. Certain prior year amounts have been reclassified to conform to the current year presentation. The December 31, 2022 Condensed Consolidated Balance Sheet included herein was derived from the audited financial statements but does not include all disclosures or notes required by GAAP for complete financial statements. These financial statements should be read in conjunction with the audited financial statements and the accompanying notes for the year ended December 31, 2022, contained in the Company’s Annual Report on Form 10-K filed with the SEC on March 28, 2023, as amended on April 27, 2023.

Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Update (“ASU”) of the Financial Accounting Standards Board (“FASB”). These unaudited consolidated financial statements are presented in U.S. Dollars.

Interim results are not necessarily indicative of results for an entire year.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements, in accordance with GAAP, requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the condensed consolidated financial statements, and the amounts of expenses during the reported periods. Certain estimates in these condensed consolidated financial statements have been made in connection with the calculation of research and development expenses, equity-based compensation expense and the provision for or benefit from income taxes. The Company bases its estimates on historical experience and various other assumptions, including in certain circumstances future projections, which management believes to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in reported results in the period in which they become known.

Cash Equivalents and Marketable Securities

The Company considers all highly liquid investments with an original maturity of 90 days or less on the date of purchase to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value due to the short-term nature of these items.

The Company’s investments in marketable debt securities have been classified and accounted for as available-for-sale. The Company classifies its marketable debt securities as short-term due to its availability for use in its current operations.

The Company considers all available evidence to evaluate if a credit loss exists, and if so, recognizes an allowance for credit loss. The Company did not recognize an allowance for credit losses related to our marketable debt securities during the six months ended June 30, 2023 or 2022.

Concentrations of Credit Risk

Cash and equivalents are the primary financial instruments held by the Company that are potentially subject to concentrations of credit risk. The Company’s cash and equivalents are deposited in accounts at large financial institutions, and such amounts may exceed federally insured limits.

Accrued Expenses

Accrued expenses as presented in the Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022 consisted of the following (in thousands):

| | <u>June 30, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------------|----------------------|--------------------------|
| Compensation | \$ 3,489 | \$ 3,355 |
| Clinical study related costs | 2,636 | 1,636 |
| Facility expansion costs | 1,161 | – |
| Accrued legal costs | 1,621 | 436 |
| Investment purchases payable | 7,500 | – |
| Manufacturing improvement costs | 2,921 | 678 |
| Accrued consulting and professional fees | 1,075 | 1,210 |
| Other accrued expenses | 542 | 21 |
| Total accrued expenses and other | <u>\$ 20,945</u> | <u>\$ 7,336</u> |

Research and Development Costs

Research and development costs are expensed as incurred. Research and development expenses are comprised of costs incurred in performing research and development activities, including salaries, benefits, third party license fees, and external costs of outside vendors engaged to conduct manufacturing and preclinical development activities and clinical trials.

The Company records accruals based on estimates of services received, efforts expended, and amounts owed pursuant to contracts with numerous contract research organizations. In the normal course of business, the Company contracts with third parties to perform various clinical study activities in the ongoing development of potential products. The financial terms of these agreements are subject to negotiation and variation from contract to contract and may result in uneven payment flows. Payments under the contracts depend on factors such as the achievement of certain events and the completion of portions of the clinical study or similar conditions. The objective of the Company's accrual policy is to match the recording of expenses in its financial statements to the actual services received and efforts expended. As such, expense accruals related to clinical studies are recognized based on the company's estimate of the degree of completion of the event or events specified in the specific clinical study.

The Company records nonrefundable advance payments it makes for future research and development activities as prepaid expenses. Prepaid expenses are recognized as expense in the Condensed Consolidated Statement of Operations and Comprehensive Loss as the Company receives the related goods or services

Costs incurred in obtaining technology licenses are charged to research and development expense as purchased in-process research and development if the technology licensed has not reached technological feasibility and has no alternative future use.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Generally, expenditures for maintenance and repairs are charged to expense and major improvements or replacements are capitalized. The Company computes depreciation and amortization using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the lesser of, the life of the lease or the estimated useful life of the leasehold improvement. The estimated useful lives are as follows:

| | |
|---------------------------------|-------------------------|
| Computer equipment and software | 3-5 years |
| Furniture and equipment | 5-7 years |
| Leasehold improvements | remainder of lease term |

Fixed assets consisted of the following (in thousands):

| | <u>June 30, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|----------------------|--------------------------|
| Furniture and equipment | \$ 3,440 | \$ 2,376 |
| Computer equipment and software | 881 | 889 |
| Leasehold improvements | 10,595 | 10,537 |
| Construction in progress | 5,864 | 1,614 |
| Less: accumulated depreciation | (5,977) | (4,708) |
| Total fixed assets, net | <u>\$ 14,803</u> | <u>\$ 10,708</u> |

Depreciation expense for the three and six months ended June 30, 2023 was \$652,000 and \$1,278,000, respectively. Depreciation expense for the three and six months ended June 30, 2022 was \$605,000 and \$1,198,000, respectively.

Intangible Assets

Intangible assets are comprised of acquired assembled workforce, which are accounted for in accordance with ASC 350 - Intangibles - Goodwill and Other. The acquired assembled workforce is amortized on a straight-line basis over the useful life of five years. The following table summarizes information related to the Company's assembled workforce intangible asset (in thousands):

| | June 30, 2023 | December 31, 2022 |
|--------------------------|---------------|-------------------|
| Gross carrying amount | \$ 1,073 | \$ 1,073 |
| Accumulated amortization | 967 | 860 |
| Net carrying amount | <u>\$ 106</u> | <u>\$ 213</u> |

Estimated amortization expense as of June 30, 2023 for the remaining six months of 2023 was \$101,000 and \$5,000 for the year ended December 31, 2024. Amortization expense relating to the assembled workforce intangible asset was \$54,000 and \$107,000 for each of the three and six months ended June 30, 2023 and 2022, respectively.

Impairment of Long-Lived Assets

Long-lived assets such as fixed assets and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges have been recorded for the three and six months ended June 30, 2023 and 2022.

Income Taxes

The Company uses the liability method in accounting for income taxes as required by ASC Topic 740 — Income Taxes, under which deferred tax assets and liabilities are recorded for the future tax consequences attributable to the differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, available taxes in the carryback periods, projected future taxable income and tax planning strategies in making this assessment. Accordingly, the Company has provided a full valuation allowance to offset the net deferred tax assets at June 30, 2023 and December 31, 2022.

Interest and penalties related to income taxes are included in the benefit (expense) for income taxes in the Company's Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company has not incurred any significant interest or penalties related to income taxes in any of the periods presented.

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 for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy that prioritizes the inputs used to measure fair value is described below. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable through correlation with market data
- Level 3 – Unobservable inputs that are supported by little or no market data, which require the reporting entity to develop its own assumptions

The carrying values of cash equivalents, accounts payable, and accrued liabilities approximate fair value due to the short-term nature of these instruments.

Leases

The Company determines if an arrangement is a lease at inception. Balances recognized related to the Company's operating and finance leases are included in right-of-use assets, net and lease liabilities in the Condensed Consolidated Balance Sheets. Right of use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise the option. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The right of use asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The Company has elected a practical expedient to not separate its lease and non-lease components and instead account for them as a single lease component. Leases with a term of 12 months or less are not recorded on the balance sheet.

Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Lease payments for short-term leases are recorded to operating expense on a straight-line basis and variable lease payments are recorded in the period in which the obligation for those payments is incurred.

Contingent Liabilities

The Company records reserves for contingent liabilities when it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Equity-Based Compensation

Compensation expense for share-based compensation awards issued is based on the fair value of the award at the date of grant, and compensation expense is recognized for those awards earned over the service period on a straight-line basis. The Company records forfeitures of share-based compensation awards as they occur.

The grant date fair value of stock option awards is estimated using the Black-Scholes option pricing formula. Due to the lack of sufficient historical trading information with respect to its own shares, the Company estimates expected volatility based on a portfolio of selected stocks of companies believed to have market and economic characteristics similar to its own. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. Due to a lack of historical exercise data, the Company estimates the expected life of its outstanding stock options using the simplified method specified under Staff Accounting Bulletin Topic 14.D.2.

Segments

The Company operates in only one segment.

Note 3: Investments

Cash equivalents and marketable securities are measured at fair value and within Level 2 in the fair value hierarchy, because we use quoted market prices to the extent available or alternative pricing sources and models utilizing market observable inputs to determine fair value.

The following tables summarize our cash equivalents and marketable securities measured at fair value on a recurring basis as of June 30, 2023 (in thousands):

| | Fair Value Hierarchy | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | Cash Equivalents | Marketable Securities |
|---------------------------|----------------------|-------------------|------------------------|-------------------------|-------------------|------------------|-----------------------|
| Money market funds | Level 2 | \$ 377 | \$ – | \$ – | \$ 377 | \$ 377 | \$ – |
| Time deposits | Level 2 | 30,516 | – | (39) | 30,477 | – | 30,477 |
| Commercial paper | Level 2 | 122,429 | 2 | (355) | 122,076 | – | 122,076 |
| Government bonds | Level 2 | 12,500 | – | (43) | 12,457 | – | 12,457 |
| Corporate debt securities | Level 2 | 37,615 | 2 | (52) | 37,565 | – | 37,565 |
| Total | | <u>\$ 203,437</u> | <u>\$ 4</u> | <u>\$ (489)</u> | <u>\$ 202,952</u> | <u>\$ 377</u> | <u>\$ 202,575</u> |

The following table shows the fair value of the Company's cash equivalents and marketable securities, by contractual maturity, as of June 30, 2023 (in thousands):

| | June 30, 2023 | |
|-------------------------------|----------------------|---------|
| Due in 1 year or less | \$ | 195,452 |
| Due in 1 year through 5 years | | 7,500 |
| Total | \$ | 202,952 |

Note 4: Income Taxes

ProKidney is considered to be an exempted Cayman Islands company and is presently not subject to income taxes or income tax filing requirements in the Cayman Islands or the United States.

The Company's subsidiary, PKLP, is organized as a limited partnership and is classified as a partnership for U.S. income tax purposes, and as such, only records a provision for federal and state income taxes on its subsidiaries organized as C corporations or which have elected to be treated as corporations for U.S. federal income tax purposes.

The Company's subsidiary, ProKidney-US, is treated as a C corporation, and therefore a provision for federal and state taxes has been recorded. The difference between the Company's effective tax rates and the U.S. statutory rate of 21% is primarily attributable to PKLP and ProKidney-KY being treated as partnerships for income tax purposes.

The Company's subsidiary, ProKidney-KY, has been granted, by the Government in Council of the Cayman Islands, tax concessions under an undertaking certificate exempting it from any tax levied on profits, income, gains or appreciations in relation to its operations or in the nature of estate duty or inheritance tax for a period of twenty years from January 20, 2016. ProKidney-KY elected to be treated as an entity disregarded from its owner for U.S. tax purposes, and as a result, it has not recorded an income tax provision.

As discussed in Note 6, the Company is party to a tax receivable agreement with a related party which provides for the payment by the Company to holders of PKLP prior to the Closing ("Closing ProKidney Unitholders") of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes (or, in some circumstances, the Company is deemed to realize) as a result of certain transactions. As no transactions have occurred which would trigger a liability under this agreement, the Company has not recognized any liability related to this agreement as of June 30, 2023.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, available taxes in the carryback periods, projected future taxable income and tax planning strategies in making this assessment.

There were no net unrecognized tax benefits as of June 30, 2023 which, if recognized, would affect our effective tax rate. We expect none of the gross unrecognized tax benefits will decrease within the next year.

There were no significant changes in the Company's uncertain tax positions during the six months ended June 30, 2023.

Note 5: Leases

The Company has operating leases for real estate (primarily its operating facilities) and certain equipment with various expiration dates. The Company also has one finance lease for certain equipment. Rent expense was \$248,000 and \$140,000, for the three months ended June 30, 2023 and 2022, respectively. For the six months ended June 30, 2023 and 2022, the Company's rent expense was \$460,000 and \$229,000, respectively. Cash paid for operating leases during the six months ended June 30, 2023, was \$406,000.

The following table summarizes the classification of operating and finance lease assets and obligations in the Company's Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022 (in thousands):

| | June 30, 2023 | December 31, 2022 |
|-----------------------------------------|-----------------|-------------------|
| Operating leases: | | |
| Right of use assets | \$ 2,709 | \$ 2,285 |
| Operating lease liabilities, current | \$ 604 | \$ 458 |
| Operating lease liabilities, noncurrent | 2,154 | 1,858 |
| Total operating lease liabilities | <u>\$ 2,758</u> | <u>\$ 2,316</u> |
| Finance leases: | | |
| Right of use assets | \$ 171 | \$ 71 |
| Finance lease liabilities, current | \$ 50 | \$ 35 |
| Finance lease liabilities, noncurrent | 132 | 48 |
| Total finance lease liabilities | <u>\$ 182</u> | <u>\$ 83</u> |

Maturities of lease liabilities for the Company's operating and finance leases are as follows as of June 30, 2023 (in thousands):

| | Operating Leases | Finance Leases | Total |
|------------------------------------|------------------|----------------|-----------------|
| 2023 | \$ 382 | \$ 31 | \$ 413 |
| 2024 | 839 | 62 | 901 |
| 2025 | 849 | 32 | 881 |
| 2026 | 772 | 22 | 794 |
| 2027 | 454 | 22 | 476 |
| Thereafter | 37 | 41 | 78 |
| Total lease payments | <u>3,333</u> | <u>210</u> | <u>3,543</u> |
| Less: imputed interest | (575) | (28) | (603) |
| Present value of lease liabilities | <u>\$ 2,758</u> | <u>\$ 182</u> | <u>\$ 2,940</u> |

The weighted average remaining lease term for operating leases is 4.0 years, and 5.0 years for finance leases. The weighted average discount rate for operating leases is 9.5% and 6.6% for finance leases.

Note 6: Related Party Transactions

Exchange Agreement

On the Closing Date, the Company entered into an exchange agreement with PKLP and certain Closing ProKidney Unitholders (the "Exchange Agreement") pursuant to which, subject to the procedures and restrictions therein, from and after the waiver or expiration of any contractual lock-up period (including pursuant to the Lock-Up Agreement (as defined below)) the holders of Post-Combination ProKidney Common Units as defined in the Exchange Agreement (or certain permitted transferees thereof) will have the right from time to time at and after 180 days following the Closing to exchange their Post-Combination ProKidney Common Units and an equal number of Class B ordinary shares of the Company on a one-for-one basis for Class A ordinary shares of the Company (the "Exchange"); provided, that, subject to certain exceptions, the Company, at its sole election, subject to certain restrictions, may, other than in the case of certain secondary offerings, instead settle all or a portion of the Exchange in cash based on a volume weighted average price ("VWAP") of a Class A ordinary share. The Exchange Agreement provides that, as a general matter, a holder of Post-Combination ProKidney Common Units will not have the right to exchange Post-Combination ProKidney Common Units if the Company determines that such exchange would be prohibited by law or regulation or would violate other agreements with the Company and its subsidiaries to which the holder of Post-Combination ProKidney Common Units may be subject, including the Second Amended and Restated ProKidney Limited Partnership Agreement and the Exchange Agreement.

Lock-Up Agreement

On the Closing Date, the Company, SCS Sponsor III LLC and certain Closing ProKidney Unitholders entered into a lock-up agreement (the "Lock-Up Agreement"). The Lock-Up Agreement contains certain restrictions on transfer with respect to the SCS Sponsor III LLC and the Closing ProKidney Unitholders party thereto. Such restrictions begin at the Closing and end on the earlier of

(i) the date that is 180 days after the Closing and (ii)(a) for 33% of the Lock-Up Shares (other than the Earnout Shares and the PIPE Shares), the date on which the last reported sale price of a Class A ordinary share of the Company equals or exceeds \$12.50 per share for any 20 trading days within any 30-trading day period commencing at least 30 days after the Closing and (b) for an additional 50% of the Lock-Up Shares (other than the Earnout Shares and the Private Placement Shares (as each such term is defined in the Lock-Up Agreement)), the date on which the last reported sale price of a Class A ordinary share of the Company equals or exceeds \$15.00 per share for any 20 trading days within any 30-trading day period commencing at least 30 days after the Closing. Notwithstanding the above, (i) the lock-up period for any Earnout Shares will expire not earlier than 180 days after such Earnout Shares are issued; (ii) 50% of the Lock-Up Shares held by certain Closing ProKidney Unitholders and their affiliates will remain locked up until the earlier of four years following the Closing and the date that PKLP receives notice of any regulatory market authorization, including full or conditional authorization, to market its lead product candidate, Renal Autologous Cell Therapy (but, in any event, not earlier than 180 days following the Closing or (in the case of Earnout Shares) the date of issuance); and (iii) the lock-up period for the Private Placement Shares expired 30 days after the Closing. The restrictions on transfer set forth in the Lockup Agreement are subject to customary exceptions.

During January 2023, the lock-up period for 50% of the shares held by the Closing ProKidney Unitholders (other than the Earnout Shares) expired.

Tax Receivable Agreement

On the Closing Date, the Company entered into a tax receivable agreement (the “Tax Receivable Agreement”) with the Closing ProKidney Unitholders. Pursuant to the Tax Receivable Agreement, among other things, the Company will be required to pay the Closing ProKidney Unitholders party thereto 85% of certain tax savings recognized by the Company, if any, as a result of the increases in tax basis attributable to exchanges by the Closing ProKidney Unitholders of Post-Combination ProKidney Common Units for Class A ordinary shares of the Company or, subject to certain restrictions, cash, pursuant to the Exchange Agreement and certain other tax attributes of PKLP and tax benefits related to entering into the Tax Receivable Agreement.

Earnout Rights

At the Closing, certain shareholders were issued an aggregate of 17,500,000 Earnout Restricted Common Units and 17,500,000 Earnout Restricted Stock Rights (collectively, the “Earnout Rights”). The Earnout Rights vest in three equal tranches if, during the five-year period after Closing, the VWAP of a Class A ordinary share reaches \$15.00 per share, \$20.00 per share and \$25.00 per share. Likewise, the Earnout Rights will vest upon a change of control with a per share price exceeding those same VWAP thresholds within a five-year period immediately following the Closing. Upon vesting, the Earnout Rights will automatically convert into Post Combination ProKidney Common Units and Class B ordinary shares.

Related Party Debt

On January 18, 2022, in connection with the execution of the Business Combination Agreement, the Company entered into the Promissory Notes. Through the Promissory Notes, the holders could fund up to \$100,000,000 to support the operational financing needs of the Company prior to the Closing. These notes bore interest at a rate of 3% per annum and were due upon the earliest of either (i) the date on which the Business Combination closed or (ii) January 17, 2023.

During the three and six months ended June 30, 2022, the Company borrowed \$15,000,000 and \$35,000,000, respectively, under the Promissory Notes. The amounts due under the Promissory Notes were paid, and the Promissory Notes were effectively terminated, upon Closing as described in Note 1.

Consulting Services Agreement between ProKidney-KY and Nefro Health

On January 1, 2020, ProKidney-KY (formerly known as inRegen) entered into a consulting services agreement with Nefro Health (“Nefro”), an Irish partnership controlled and majority-owned by Mr. Pablo Legorreta, a director of the Company, ProKidney GP Limited, a private limited company incorporated under the laws of Ireland (“Legacy GP”) and a holder of over 5% of Class A Units in PKLP, pursuant to which Nefro provides consulting services for the research and development of the Company’s product candidates, including the conduct of clinical trials in North America and the European Union, the design and manufacturing of ProKidney’s product candidates as well as pre-commercialization activities, which are primarily performed by Mr. Legorreta. Under the agreement, Nefro receives \$25,000 per quarter and is reimbursed for any out-of-pocket expenses incurred in connection with activities Nefro conducted under the agreement. ProKidney-KY has paid Nefro an aggregate of \$25,000 and \$50,000 for the each of the three and six month periods ended June 30, 2023 and 2022, respectively. The initial term of the consulting services agreement continued through December 31, 2020 and was renewed pursuant to the provision allowing for automatic renewals for additional periods of one year each unless terminated by either party by providing written notice to the other party at least ninety (90) days prior to the scheduled termination date. Either party may terminate this agreement upon the occurrence of a material breach by the other

party in the performance of its obligations under the agreement or in respect of any provision, representation, warranty or covenant if such breach has not been cured within thirty (30) days after receiving written notice from the non-breaching party. Additionally, either of the parties may terminate the consulting services agreement for any reason upon giving thirty (30) days' advance notice of such termination to the other party. In the event of such termination, ProKidney-KY will be obligated to pay Nefro any earned but unpaid consulting fee as of the termination date.

Consulting Services Agreement between ProKidney-US and Nefro Health

On January 1, 2020, ProKidney-US (formerly known as Twin City Bio, LLC) entered into a consulting services agreement with Nefro, pursuant to which Nefro provides consulting services for the research and development of the Company's product candidates, including the conduct of clinical trials in North America and the European Union, the design and manufacturing of the Company's product candidates as well as pre-commercialization activities, which are primarily performed by Mr. Legorreta. Under the agreement, Nefro receives \$25,000 per quarter and is reimbursed for any out-of-pocket expenses incurred in connection with activities Nefro conducted under the agreement. ProKidney-US has paid Nefro an aggregate of \$25,000 and \$50,000 for each of the three and six month periods ended June 30, 2023 and 2022, respectively. The initial term of the consulting services agreement continued through December 31, 2020 and was renewed pursuant to the provision allowing for automatic renewals for additional periods of one year each unless terminated by either party by providing written notice to the other party at least ninety (90) days prior to the scheduled termination date. Either party may terminate this agreement upon the occurrence of a material breach by the other party in the performance of its obligations under the agreement or in respect of any provision, representation, warranty or covenant if such breach has not been cured within thirty (30) days after receiving written notice from the non-breaching party. Additionally, either of the parties may terminate the consulting services agreement for any reason upon giving thirty (30) days' advance notice of such termination to the other party. In the event of such termination, ProKidney-US will be obligated to pay Nefro any earned but unpaid consulting fee as of the termination date.

Note 7: Redeemable Noncontrolling Interest

The Company is subject to the Exchange Agreement with respect to the Post-Combination ProKidney Common Units representing the outstanding 73.8% noncontrolling interest in PKLP (see Note 1). The Exchange Agreement requires the surrender of an equal number of Post-Combination ProKidney Common Units and Class B ordinary shares for (i) Class A ordinary shares on a one-for-one basis or (ii) cash (based on the fair market value of the Class A ordinary shares as determined pursuant to the Exchange Agreement), at the Company's option (as the managing member of PKLP), subject to customary conversion rate adjustments for share splits, share dividends and reclassifications. The exchange value is determined based on a five-day VWAP of the Class A ordinary shares as defined in the Exchange Agreement, subject to customary conversion rate adjustments for share splits, share dividends and reclassifications.

The redeemable noncontrolling interest is recognized at the higher of (1) its initial fair value plus accumulated earnings/losses associated with the noncontrolling interest or (2) the redemption value as of the balance sheet date. At June 30, 2023, the redeemable noncontrolling interest was recorded based on the redemption value as of the balance sheet date which was higher than its initial fair value plus accumulated losses associated with the noncontrolling interest.

Changes in the Company's ownership interest in PKLP while the Company retains its controlling interest in PKLP are accounted for as equity transactions, and the Company is required to adjust noncontrolling interest and equity for such changes. The following is a summary of net income attributable to the Company and transfers to noncontrolling interest (in thousands):

| | For the Three Months Ended June 30, 2023 | For the Six Months Ended June 30, 2023 |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Net loss available to Class A ordinary shareholders | \$ (9,118) | \$ (18,783) |
| (Increase)/Decrease in ProKidney Corp. accumulated deficit for impact of subsidiary equity-based compensation | 2,762 | 5,219 |
| (Increase)/Decrease in ProKidney Corp. additional paid-in capital for vesting of Restricted Common Units in ProKidney LP | (725) | (4,478) |
| Change from net loss available to Class A ordinary shareholders and change in ownership interest in ProKidney LP | <u>\$ (7,081)</u> | <u>\$ (18,042)</u> |

Note 8: Net Loss per Share

Basic net loss per share is calculated by dividing net loss attributable to Class A ordinary shareholders by the weighted-average shares of Class A ordinary shares outstanding without the consideration for potential dilutive securities. Diluted net loss per share represents basic net loss per share adjusted to include the effects of all potentially dilutive shares. Diluted net loss per share is the same as basic loss per share for all periods as the inclusion of potentially issuable shares would be antidilutive.

The Company analyzed the calculation of net loss per share for periods prior to the Business Combination on July 11, 2022 and determined that it resulted in values that would not be meaningful to the users of the consolidated financial statements, as the capital structure completely changed as a result of the Business Combination. Therefore, net loss per share information has not been presented for periods prior to the Business Combination. The basic and diluted net loss per share attributable to Class A ordinary shareholders for the three and six months ended June 30, 2022, has not been presented as it represents a period prior to the Closing of the Business Combination.

The following table sets forth the computation of basic and diluted net loss per share for the three and six months ended June 30, 2023 (in thousands, except share and per share amounts):

| | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2023 |
|--------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|
| Numerator | | |
| Net loss | \$ (34,823) | \$ (71,732) |
| Less: Net loss attributable to noncontrolling interests | (25,705) | (52,949) |
| Net loss available to Class A ordinary shareholders of ProKidney Corp., basic and diluted | <u>\$ (9,118)</u> | <u>\$ (18,783)</u> |
| Denominator | | |
| Weighted average Class A ordinary shares or ProKidney Corp. outstanding, basic and diluted | 64,562,209 | 64,551,281 |
| Net loss per Class A Unit | | |
| Net loss per Class A ordinary share of ProKidney Corp., basic and diluted | <u>\$ (0.14)</u> | <u>\$ (0.29)</u> |
| Antidilutive securities | | |
| ProKidney Corp. Class B ordinary shares | 173,663,427 | 173,663,427 |
| Unvested Restricted Stock Rights | 5,952,288 | 5,952,288 |
| Earnout Rights | 17,500,000 | 17,500,000 |
| Stock options granted under the 2022 Equity Incentive Plan | 15,718,932 | 15,718,932 |

Note 9: Equity Based Compensation

2022 Incentive Equity Plan

On July 11, 2022, the shareholders of the Company approved the ProKidney Corp. 2022 Incentive Equity Plan (the "2022 Plan") which provides for the issuance of equity based awards to the Company's employees, non-employee directors, individual consultants, advisors and other service providers. As of June 30, 2023, there were 35,809,951 Class A Ordinary Shares reserved for issuance. The 2022 Plan provides for the issuance of equity awards in the form of incentive stock options, which are intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, or nonqualified stock options, which are not intended to meet those requirements, stock appreciation rights, restricted stock, restricted stock units, performance awards or other cash or stock-based awards as determined appropriate by the plan administrator. In settlement of its obligations under this plan, the Company will issue new Class A ordinary shares.

The Company has issued incentive and non-qualified stock option awards under the 2022 Plan to certain employees and non-employee directors of the Company. Given that the Company has established a full valuation allowance against its deferred tax assets, the Company has recognized no tax benefit related to these awards.

Time-Vested Awards

The Company uses the Black-Scholes option pricing model to calculate the fair value of time-vested stock options granted. These awards generally vest ratably over a three or four-year period and the option awards expire after a term of ten years from the

date of grant. The fair value of stock options granted was estimated using the following assumptions during the six months ended June 30, 2023:

| | For the Six Months Ended June 30, 2023 |
|------------------------------------|-----------------------------------------------|
| Expected volatility | 81.5% - 83.5% |
| Expected life of options, in years | 5.5 - 6.1 |
| Risk-free interest rate | 3.5% - 4.2% |
| Expected dividend yield | 0.0% |

The following table summarizes the activity related to the Company's time-vested stock option awards granted under the 2022 Plan for the six months ended June 30, 2023:

| | Number of Shares | Weighted Average Exercise Price |
|------------------------------------------------------------------|-------------------------|----------------------------------------|
| Time-vested options outstanding at January 1, 2023 | 5,865,108 | \$ 10.30 |
| Granted | 6,477,796 | 9.33 |
| Forfeited | (263,579) | 8.55 |
| Time-vested options outstanding at June 30, 2023 | 12,079,325 | \$ 9.82 |
| Time-vested options exercisable at June 30, 2023 | 1,227,215 | \$ 9.83 |
| Weighted average remaining contractual life | 8.9 years | |
| Time-vested options vested and expected to vest at June 30, 2023 | 12,079,325 | \$ 9.82 |
| Weighted average remaining contractual life | 9.2 years | |

For the three and six months ended June 30, 2023, the Company recognized \$4,665,000 and \$8,667,000 of compensation expense related to time-vested awards under the 2022 Plan, respectively. These amounts are exclusive of the expense related to the modification of awards as discussed below. As of June 30, 2023, the Company had total unrecognized stock-based compensation expense of approximately \$69,739,000 related to the time-vested grants under the 2022 Plan, which is expected to be recognized on a straight-line basis over a weighted average period of 3.3 years. The weighted average grant date fair value for the option grants during the three and six months ended June 30, 2023 was \$7.82 and \$6.70, respectively.

The aggregate intrinsic value of the in-the-money time-vested awards outstanding as well as those exercisable as of June 30, 2023, was \$16,984,000 and \$1,688,000, respectively.

Market-Vested Awards

The Company also has outstanding 3,639,607 market-vested options with an exercise price of \$10.33 as of June 30, 2023. This awards contain both time and market based vesting conditions. The market conditions become satisfied in equal one-third tranches upon the Company's Class A ordinary shares exceeding a volume weighted average price hurdle of \$15.00, \$20.00 and \$25.00, respectively, for 20 trading days within any 30 consecutive trading day period occurring prior to July 11, 2027. Once the market condition for a tranche is satisfied, such tranche will continue to be subject to time-vesting conditions and will vest ratably on each of the first, second and third anniversaries of the date that such tranche satisfied the performance vesting condition described above. Due to the market condition included in this grant, the Company used the Geometric Brownian Motion/Monte Carlo model to value these awards.

For the three and six months ended June 30, 2023, the Company recognized \$2,794,000 and \$5,558,000 of compensation expense related to market-vested awards under the 2022 Plan, respectively. As of June 30, 2023, the Company had total unrecognized stock-based compensation expense of approximately \$20,430,000 related to the market-vested awards outstanding under the 2022 Plan. There were no market-vested awards granted during the three and six months ended June 30, 2023 and 2022.

The aggregate intrinsic value of the in-the-money market based awards outstanding as of June 30, 2023 was \$3,130,000. There were no market based awards vested at June 30, 2023.

Legacy Profits Interests

The Deed for the Establishment of a Limited Partnership of PKLP, dated as of August 5, 2021 (the "Limited Partnership Agreement") which replaced the Amended and Restated Limited Liability Company Agreement of ProKidney LLC as the governing document of the parent entity in the Company, allowed for the issuance of Profits Interests (as defined in the Limited Partnership Agreement) to employees, directors, other service providers of the Company and others denominated in the form of one or more Class B Units of PKLP (as defined in the Limited Partnership Agreement).

Under the Limited Partnership Agreement, Legacy GP determined the terms and conditions of the Profits Interests issued. The threshold value assigned to each grant was not to be less than the fair market value of PKLP on the date of grant. Profits Interests awarded would vest at a rate of 25% on the latter of the first anniversary of employment and the first anniversary of the Acquisition Date with the remaining 75% to vest in increments of 25% on each anniversary following the first anniversary date, ratably over a three or four-year period from the date of grant, in annual installments of 33.3% over the three-year period from the date of grant, in increments of 6.25% each calendar quarter following the first anniversary date, or were fully vested upon issuance.

On January 17, 2022, PKLP amended and restated its Limited Partnership Agreement (the “Amended and Restated Limited Partnership Agreement”) which provided that certain qualified distribution events would result in holders of Profits Interests receiving disproportionate distributions from PKLP until each such holder’s valuation threshold had been reduced to zero in order to “catch up” such holder’s distributions to its pro rata share of aggregate cumulative distributions, and once sufficient distributions to a holder of Profits Interests had been made in accordance with the foregoing, the associated Class B Units of PKLP would automatically be converted into Class A Units of PKLP (as defined in the Limited Partnership Agreement).

Upon consummation of the Business Combination discussed in Note 1, PKLP’s existing Class B and B-1 Units were “caught up” and were converted into Class A Units of PKLP. The resulting vested and unvested Class A Units of PKLP were then recapitalized into Post-Combination ProKidney Common Units or Restricted Common Units of the Company, respectively. This recapitalization resulted in a decrease in the number of awards held by each participant. As such, the number of Profits Interests and related per unit values within these financial statements have been adjusted to reflect this recapitalization. Upon recapitalization, the Restricted Common Units maintained the vesting schedules associated with the original Profits Interest awards.

The following table summarizes the activity related to the Profits Interest awards for the six months ended June 30, 2023:

| | <u>Number of Shares</u> | <u>Weighted Average Grant Date Fair Value</u> |
|------------------------------------------------|-------------------------|-------------------------------------------------------|
| Unvested awards outstanding at January 1, 2023 | 8,369,795 | \$ 7.08 |
| Vested | (2,085,129) | 6.99 |
| Forfeited | (332,378) | 7.84 |
| Awards outstanding at June 30, 2023 | <u>5,952,288</u> | <u>\$ 7.06</u> |

As of June 30, 2023, the unrecognized compensation expense related to these awards was \$36,096,000. The current weighted average remaining period over which the unrecognized compensation expense is expected to be recognized is 2.2 years. The weighted average grant date fair value of the Profits Interests awarded during the three and six months ended June 30, 2022, was \$6.42 and \$6.09, respectively, per Class B-1 unit of PKLP (as defined in the Limited Partnership Agreement), as adjusted for the effects of the recapitalization. There were no Profits Interests awarded during the three and six months ended June 30, 2023.

Modification to Equity Based Compensation Awards

On January 17, 2022, the Limited Partnership Agreement was amended and restated to provide that certain qualified distribution events would result in the holders of Profits Interests receiving disproportionate distributions from PKLP until each such holder’s threshold value was reduced to zero in order to “catch up” such holder’s distributions to its pro rata share of aggregate cumulative distributions, and once sufficient distributions to a holder of Profits Interests had been made in accordance with the foregoing, the associated Class B Units would automatically be converted into Class A Units.

This amendment constituted a modification to the Class B-1 Units in PKLP outstanding as of the date of the modification under the provisions of ASC Topic 718. In connection with the modification of its outstanding share-based compensation awards, the Company will recognize total additional compensation expense of \$5,437,000 related to awards granted to its employees. The portion of this additional compensation expense attributable to vested awards of \$3,715,000 was recognized immediately upon modification during the six months ended June 30, 2022.

During the six months ended June 30, 2023, the Company also modified the vesting terms of outstanding time-based stock options issued to certain personnel upon their separation. This amendment constituted a modification of the awards under the provisions of ASC Topic 718 and resulted in the recognition of an additional \$3,011,000 of compensation expense during the six months ended June 30, 2023.

Issuance of Profits Interests to Service Provider

During the six months ended June 30, 2022, the Company issued 2,253,033 fully vested Class B-1 Units in PKLP to a third-party service provider as payment for research and development services provided in prior periods. The Company had previously

recognized expense of \$2,502,000 for these services based on the liability related to the services incurred. As the fair value of shares issued to satisfy that obligation was higher than the amount previously expensed, the Company recognized additional research and development expense of \$14,080,000 during the six months ended June 30, 2022.

Purchase of Class B-1 Units in PKLP

Certain of the Company’s employees, board members and service providers purchased 450,156 and 5,446,887 of Class B-1 Units in PKLP, as adjusted for the recapitalization, for total cash proceeds of \$500,000 and \$6,050,000, respectively, during the three and six months ended June 30, 2022, respectively. Since these Class B-1 Units in PKLP were fully vested upon purchase and contained no service requirements, the Company immediately recognized the difference between the purchase price and the estimated fair value for these Class B-1 Units in PKLP of \$3,027,000 and \$34,254,000 as equity-based compensation expense during the three and six months ended June 30, 2022, respectively. No such sales occurred during the three and six months ended June 30, 2023.

Fair Value Estimate for Profits Interest

Prior to the Business Combination, PKLP was privately held with no active public market for its equity instruments. Therefore, for financial reporting purposes, management determined the estimated per share fair value of PKLP’s equity shares (including Profits Interests) using contemporaneous valuations. These contemporaneous valuations were done using methodologies consistent with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, also known as the Practice Aid.

For the Profits Interest Awards awarded during the six months ended June 30, 2022, the valuation approach utilized a hybrid method which consists of a combination of an Option Pricing Method (“OPM”) and a Probability Weighted Expected Return Method (“PWERM”) approach. Weighting allocations were assigned to the OPM and PWERM methods based upon the expected likelihood of possible future liquidity events, including the Business Combination.

Under the OPM approach, the fair value of the total equity of PKLP within each scenario was first estimated using a back-solve method wherein the equity value is derived from a recent transaction in PKLP’s own securities, and then the total equity value is allocated to the various components of the capital structure, including the Profits Interests, using an OPM or a waterfall approach based on the specific rights of each of the equity classes. The OPM used the fair value of the total equity of PKLP within a scenario as a starting point and incorporates assumptions made regarding the expected returns and volatilities that are consistent with the expectations of market participants, and distribution of equity values is produced which cover the range of events that an informed market participant might expect. This process creates a range of equity values both between and within scenarios. The fair value measurement is sensitive to changes in the unobservable inputs. Changes in those inputs might result in a higher or lower fair value measurement.

The PWERM approach is a scenario-based analysis that estimates the value per share of ordinary shares based on the probability-weighted present value of expected future equity values for the ordinary shares, under various possible future liquidity event scenarios, including the proposed Business Combination, in light of the rights and preferences of each class and series of stock, including the Profits Interests, discounted for a lack of marketability.

In performing these valuations, management considered all objective and subjective factors that they believed to be relevant, including management’s best estimate of PKLP’s business condition, prospects, and operating performance at each valuation date. Within the valuations performed, a range of factors, assumptions, and methodologies were used. The significant factors included trends within the industry, the prices at which PKLP sold its Class A Units, the rights and preferences of the Class A Units relative to the Class B Units at the time of each measurement date, the results of operations, financial position, status of research and development efforts, stage of development and business strategy, the lack of an active public market for the units, and the likelihood of achieving an exit event in light of prevailing market conditions.

The following reflects the key assumptions used in each of the valuation scenarios for the awards granted during the six months ended June 30, 2022:

| | OPM | PWERM |
|-------------------------------------|-----------------------|-----------------------|
| Total equity value (in thousands) | \$234,551 - \$280,400 | \$ 1,750,000 |
| Expected volatility of total equity | 95% | 60% - 90% |
| Discount for lack of market | 30% | 7% - 15% |
| Expected time to exit event | 3.4 years - 3.7 years | 0.1 years - 0.5 years |

Compensation Expense

Compensation expense related to share-based awards is included in research and development and general and administrative expense as follows (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------------------------|------------------------------------|-----------------|----------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Research and development | \$ 3,284 | \$ 1,336 | \$ 8,443 | \$ 18,703 |
| General and administrative | 7,918 | 6,664 | 15,779 | 41,983 |
| Total equity-based compensation expense | <u>\$ 11,202</u> | <u>\$ 8,000</u> | <u>\$ 24,222</u> | <u>\$ 60,686</u> |

Note 10: Subsequent Events

On July 17, 2023, the Company, through its wholly owned subsidiary, ProKidney Acquisition Company, LLC, completed the closing of the purchase of a 210,000 square foot facility and approximately 22 acres of land in Greensboro, North Carolina, to support the Company's future commercial manufacturing needs. Under the terms of the purchase agreement, the Company paid approximately \$25,500,000 in cash for the facility and property.

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

As used in this Quarterly Report on Form 10-Q, the “Company”, the “Registrant”, “we” or “us” refer to ProKidney Corp. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes that appear elsewhere in this report. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, assumptions and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in the Risk Factors section of the Annual Report on Form 10-K filed with the Securities and Exchange Commission, and elsewhere in this report under “Part II, Other Information—Item 1A, Risk Factors.” Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies and operations, financing plans, potential growth opportunities, potential market opportunities, potential results of our drug development efforts or trials, and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s plans, estimates, assumptions and beliefs only as of the date of this report. Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Overview

We are a clinical-stage biotechnology business with a transformative proprietary cell therapy platform capable of treating multiple chronic kidney diseases using a patient’s own cells isolated from the patient intended for treatment. Our approach seeks to redefine the treatment of chronic kidney disease (“CKD”), shifting the emphasis away from management of kidney failure to the restoration, preservation or improvement of kidney function to stop or delay progression of CKD. Our lead product candidate, which we refer to as REACT, is designed to preserve kidney function in a CKD patient’s diseased kidneys. REACT is a product that includes selected renal cells (“SRC”) prepared from a patient’s own, autologous, renal cells. SRC are formulated into a product for reinjection into the patient’s kidneys using a minimally invasive outpatient procedure that can be repeated if necessary. Because REACT is a personalized treatment composed of cells prepared from a patient’s own kidney, there is no need for treatment with immunosuppressive therapies, which are required during a patient’s lifetime when a patient receives a kidney transplant from another, allogeneic donor.

We are currently conducting a Phase 3 development program and multiple Phase 2 clinical trials for REACT in subjects with moderate to severe diabetic kidney disease. We also recently completed a Phase 1 clinical trial for REACT in subjects with congenital anomalies of the kidney and urinary tract (“CAKUT”). REACT has been generally well tolerated by subjects with moderate to severe diabetic kidney disease in Phase 1 and 2 clinical testing to date. It has also been shown to preserve kidney function and limit kidney injury in subjects based on measurements of iohexol renal clearance and urinary albumin-to-creatinine ratio (“UACR”). REACT has received regenerative medicine advanced therapy (“RMAT”) designation from the United States Food and Drug Administration (the “FDA”).

Since our inception, we have devoted substantially all of our resources to raising capital, organizing and staffing our Company, business and scientific planning, conducting discovery and research activities, acquiring or discovering product candidates, establishing and protecting our intellectual property portfolio, developing and progressing REACT and preparing for clinical trials, establishing arrangements with third parties for the manufacture of component materials, and providing general and administrative support for these operations. We do not have any product candidates approved for sale and have not generated any revenue from product sales.

Recent Developments

RMCL-002

RMCL-002 is an ongoing Phase 2, prospective, randomized, double-arm, deferred treatment, open-label, repeat dose, safety and efficacy study of REACT in subjects with type 2 diabetes and CKD.

The first subject was enrolled in this study in February 2017, and subjects are now undergoing follow-up. The primary objective of this study is to assess the safety and efficacy of up to two REACT injections given six months apart (up to four weeks after target date) in Type 2 diabetic disease patients with eGFRs between 20 and 50 ml/min/1.73m², with both doses delivered into the biopsied kidney using an outpatient, minimally invasive, percutaneous approach under conscious sedation in less than 90 minutes. Patients were eligible to receive up to two doses of REACT of 3x10⁶ cells/g-KWest.

Patients were randomized (1:1) to the active treatment group and the deferred treatment group (i.e., the control group) following kidney biopsy. Subjects in the active treatment group received their first REACT injection as soon as the REACT product was

manufactured and shipped to the clinical site. After six months (up to four weeks after target date), a second injection was given, as appropriate. In contrast, subjects in the deferred treatment group underwent a 12-month period of observation after kidney biopsy. The deferred treatment group allowed assessment of the rate of change in kidney function and co-morbidities in a nonexposed group compared to the active treated arm. During this time, they received contemporaneous, standard-of-care therapy for CKD while undergoing follow-up evaluations every three months, similar to subjects in the active treatment group. After 12 months, subjects from the deferred treatment group received a series of up to two REACT injections given six months (up to four weeks after the target date) apart, as appropriate. Consequently, the study design included a randomized control group receiving standard-of-care treatment for the first 12 months and a randomized, active treatment group which received up to two REACT injections and follow-up evaluations during the same period of time. In addition, each subject's baseline rate of kidney decline, based on adequate historical and clinical data obtained 18 months prior to REACT injection, will serve as a comparator for monitoring the rate of progression of kidney insufficiency over time.

The aggregate number of subjects enrolled for the Phase 2 clinical trial was 83. Upon withdrawal and/or replacement of 2 subjects, 81 subjects were enrolled as of December 2020, of which 41 subjects were enrolled into the active treatment group and 42 subjects were enrolled into the deferred treatment group.

We dosed all deferred subjects in 2022 and are on track to obtain additional interim data and complete all follow-up visits for all active subjects in the fourth quarter of 2023. We plan to release interim data from RMCL-002 in the second half of 2023. We also plan to complete all follow-up visits for deferred subjects by early 2024 and deliver the clinical study report in 2024. Results from interim data may not be indicative of results from future data.

REGEN-007

REGEN-007 is an ongoing Phase 2, prospective, randomized, open-label, repeat dose, double-arm, controlled safety and efficacy study of REACT in subjects with type 1 or 2 diabetes and CKD.

The primary objective of this study is to assess the safety and efficacy of up to two REACT injections given three months apart (up to 60 days after target date) in Type 1 and 2 diabetic kidney disease with eGFRs between 20 and 50 ml/min/1.73m² and delivered into biopsied and non-biopsied contralateral kidneys using a minimally invasive percutaneous approach. This is compared to a single REACT injection followed by monitoring and a potential second injection delivered into the non-biopsied contralateral kidney using a minimally invasive percutaneous approach triggered by a 20% decrease in eGFR and/or a 30% increase in urinary UACR delivered within 60 days of trigger being met. In previous Phase 2 studies, we injected REACT into the same kidney twice. Based on a generally favorable safety profile observed in previous studies, we are now proceeding with the injection of REACT into both kidneys in REGEN-007. We expect the data generated by REGEN-007 will enable us to better understand the impact of REACT on kidney health from injections in both kidneys.

We have completed enrollment in REGEN-007 with a total of 53 subjects. We anticipate reporting interim data from this study around the end of 2023.

REGEN-006/proact 1 trial

REGEN-006 (proact 1) is a Phase 3, randomized, single-blinded, bi-lateral kidney dose, sham control arm, controlled efficacy study of REACT in subjects with type 2 diabetes and CKD Stages 3a-4 (specifically, eGFR between 20 ml and 50 ml min/1.73m² with moderate to severe albuminuria (UACR between 300 and 5000 mg/g)). Albuminuria refers to the presence of an excess of the protein albumin in urine, which is a sign of kidney disease.

The primary objective of this study is to assess the efficacy of up to two REACT injections given three months apart and delivered into biopsied and non-biopsied contralateral kidneys using a minimally invasive percutaneous approach. The total planned enrollment is 600 subjects.

The primary composite endpoint is the time from first injection to the earliest of:

- At least 40% reduction in eGFR, using the 2009 CKD-EPI serum creatinine equation, sustained for 30 days;
- eGFR <15 mL/min/1.73m² using the 2009 CKD-EPI serum creatinine equation, sustained for 30 days and/or chronic dialysis, and/or renal transplant; or
- renal or cardiovascular death.

Subjects will be randomized (1:1) to the treatment group and the "masked" sham control group prior to kidney biopsy.

This study will be conducted in clinical centers in the United States, Canada, Australia, Mexico, Taiwan and the United Kingdom. While we continue to target a pre-specified interim data analysis in the proact 1 trial at the end of 2024 based on the occurrence of events, we have encountered several factors that put achievement of this timeline at risk. These factors include a shortage of clinical staff at trial sites, competition between clinical trial sponsors for patients and sites, changes in the standard of care

for those living with CKD and evolving regulatory guidelines for cellular therapeutic tissue handling throughout the world. We are actively monitoring these challenges and implementing several mitigation measures that we believe will enable us to achieve our clinical objectives within established target timelines.

REGEN-016/proact 2 trial

REGEN-016 (proact 2) is a planned Phase 3, randomized, single-blinded, sham control arm, bi-lateral kidney dose, controlled efficacy study of REACT in subjects with type 2 diabetes and CKD Stages 3b-4 (specifically eGFR between 20 ml and 50 ml min/1.73m² with moderate to severe albuminuria (UACR between 300 and 5000 mg/g)). This study will be implemented in clinical centers in Europe, Latin America, Asia-Pacific and some United States centers.

The primary objective of this study is to assess the efficacy of up to two REACT injections given three months apart and delivered into biopsied and non-biopsied contralateral kidneys using a minimally invasive percutaneous approach. The total planned enrollment is 600 subjects.

The primary composite endpoint is the time from first injection to the earliest of:

- At least 40% reduction in eGFR, using the 2009 CKD-EPI serum creatinine equation, sustained for 30 days;
- eGFR <15 mL/min/1.73m² using the 2009 CKD-EPI serum creatinine equation, sustained for 30 days and/or chronic dialysis, and/or renal transplant; or
- renal or cardiovascular death.

Enrollment in this study is expected to begin in the second half of 2023. We plan to evaluate interim data for REGEN-016 in late-2025, with the potential for conditional FDA approval anticipated in late 2026.

Commercial Manufacturing Strategy

In preparation for our commercial manufacturing needs in the event that REACT receives regulatory approval, through our wholly-owned subsidiary, ProKidney Acquisition Company, LLC, we completed the closing of the purchase of a 210,000 square foot facility and approximately 22 acres of land in Greensboro, North Carolina, in July 2023. Under the terms of the purchase agreement, we paid approximately \$25.5 million in cash for the facility and property. In connection with the purchase, the city of Greensboro, North Carolina, Guilford County, North Carolina and the North Carolina State Economic Investment Committee have approved incentive packages under which ProKidney is eligible to receive, in aggregate, up to approximately \$33.7 million in tax credits, as well as up to \$1.9 million in energy credits from Duke Energy. Receipt of these incentives is based upon the achievement of certain milestones, including the creation of at least 330 new jobs on or before December 31, 2028, and project investment of approximately \$458 million made, or caused to be made, by the Company in real and personal property by December 31, 2027.

Other Global Developments

In 2022, various central banks around the world (including the Federal Reserve in the United States) raised interest rates. While these rate increases have not had a significant adverse impact on the Company to date, the impact of such rate increases on the overall financial markets and the economy may adversely impact the Company in the future, including by making capital more difficult and costly to obtain on reasonable terms and when needed. In addition, the global economy has experienced and is continuing to experience high levels of inflation and global supply chain disruptions. We continue to monitor these supply chain, inflation and interest rate factors, as well as the uncertainty resulting from the overall economic environment.

In addition, although we have no operations in or direct exposure to Russia, Belarus and Ukraine, we have experienced limited constraints in availability and increasing costs required to obtain some materials and supplies due, in part, to the negative impact of the Russia-Ukraine military conflict on the global economy, which contributed to global supply chain disruptions. To date, our business has not been materially impacted by the conflict; however, as the conflict continues or worsens, it may adversely impact our business, financial condition or results of operations.

Financial Operations Overview

Revenue

We have not generated any revenue since our inception and do not expect to generate any revenue from the sale of products in the near future, if at all. If our development efforts for REACT or any other product candidates are successful and result in marketing approval, or if we enter into collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from such agreements.

Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with our research and development activities, including the development of REACT.

Research and development costs include:

- external research and development expenses incurred under agreements with CROs and other scientific development services;
- costs of other outside consultants, including their fees and related travel expenses;
- costs related to compliance with quality and regulatory requirements;
- costs of laboratory supplies and acquiring and developing clinical trial materials;
- payments made under third-party licensing agreements;
- personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expenses, for individuals involved in research and development activities; and
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent, insurance and other internal operating costs.

We expense research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our consolidated balance sheets as prepaid clinical or as a component of total accrued expenses and other. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized, even when there is no alternative future use for the research and development. The capitalized amounts are recorded as prepaid clinical and are expensed as the related goods are delivered or the services are performed.

Research and development activities are central to our business model. We expect that our research and development expenses will increase significantly for the foreseeable future as REACT moves into later stages of clinical development.

The successful development of REACT and any product candidates we may develop in the future is highly uncertain. Therefore, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development and commercialization of any of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from the sale of REACT or potential future product candidates, if approved. This is due to the numerous risks and uncertainties associated with developing product candidates, many of which are outside of our control, including the uncertainty of:

- the timing and progress of non-clinical and clinical development activities;
- the number and scope of non-clinical and clinical programs we decide to pursue;
- our ability to maintain our current research and development programs and to establish new ones;
- establishing an appropriate safety-profile;
- the number of sites and patients involved in our clinical trials;
- the countries in which the clinical trials are conducted;
- per patient trial costs;
- successful patient enrollment in, and the initiation of, clinical trials, as well as drop out or discontinuation rates, particularly in light of the current COVID-19 pandemic environment;
- the successful completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA and comparable foreign regulatory authorities;
- the number of trials required for regulatory approval;
- the timing, receipt and terms of any regulatory approvals from applicable regulatory authorities;
- our ability to establish new licensing or collaboration arrangements;

- the performance of our future collaborators, if any;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- significant and changing government regulation and regulatory guidance;
- the impact of any business interruptions to our operations or to those of the third parties with whom we work, particularly in light of the current COVID-19 pandemic environment;
- obtaining, maintaining, defending and enforcing patent claims or other intellectual property rights;
- the potential benefits of REACT over other therapies;
- launching commercial sales of REACT, if approved, whether alone or in collaboration with others; and
- maintaining a continued acceptable safety profile of REACT following approval.

Any changes in the outcome of any of these variables could mean a significant change 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 anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant delays in our clinical trials due to patient enrollment or other reasons, we would be required to expend significant additional financial resources and time on the completion of clinical development. We may never obtain regulatory approval for any of our product candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including salaries, bonuses, benefits and equity-based compensation expenses for individuals involved in our executive, finance, corporate and administrative functions, as well as expenses for outside professional services, including legal, audit, accounting and tax-related services and other consulting fees, facility-related expenses, which include depreciation costs and other allocated expenses for rent and maintenance of facilities, insurance costs, recruiting costs, travel expenses and other general administrative expenses.

We expect that our general and administrative expenses will increase significantly for the foreseeable future as our business expands and we hire additional personnel to support our operations. We also anticipate increased expenses associated with being a public company, including costs for legal, audit, accounting, investor and public relations, tax-related services, director and officer insurance, and regulatory costs related to compliance with the rules and regulations of the United States Securities and Exchange Commission (the "SEC") as well as listing standards applicable to companies listed on a national securities exchange.

Other Income (Expense)

Other income consists primarily of interest income earned on cash, cash equivalents and marketable securities.

Income Tax Expense

Income tax expense reflects federal and state taxes on income earned by our subsidiary that is organized as a C corporation for U.S. income tax purposes.

Results of Operations

Comparison of Three Months Ended June 30, 2023 and 2022

The following table summarizes our results of operations for the three months ended June 30, 2023 and 2022 (in thousands):

| | Three Months Ended June 30, | | |
|----------------------------------------------------------------------------|-----------------------------|--------------------|------------------|
| | 2023 | 2022 | Change |
| Operating expenses: | | | |
| Research and development | \$ 26,364 | \$ 11,558 | \$ 14,806 |
| General and administrative | 13,455 | 9,180 | 4,275 |
| Total operating expense | 39,819 | 20,738 | 19,081 |
| Loss from operations | (39,819) | (20,738) | (19,081) |
| Interest income | 5,965 | – | 5,965 |
| Interest expense | (4) | (170) | 166 |
| Net loss before taxes | (33,858) | (20,908) | (12,950) |
| Income tax expense | 965 | 1,223 | (258) |
| Net and comprehensive loss before noncontrolling interest | (34,823) | (22,131) | (12,692) |
| Net loss and comprehensive loss attributable to noncontrolling interest | (25,705) | – | (25,705) |
| Net loss and comprehensive loss available to Class A ordinary shareholders | <u>\$ (9,118)</u> | <u>\$ (22,131)</u> | <u>\$ 13,013</u> |

Research and development expenses

The increase in research and development expenses of approximately \$14.8 million was primarily driven by the following:

- increases in costs of \$3.3 million related to equity-based compensation driven by additional grants of equity awards to employees;
- increases in cash-based compensation costs of approximately \$2.6 million due to the hiring of additional personnel particularly in the areas of clinical development, quality and biostatistics as we move forward with our clinical programs and look to building out our commercial manufacturing capabilities;
- increases in costs of approximately \$4.8 million related to proact-1 and proact-2 as proact-1 continues to enroll additional subjects and proact-2 continues to incur costs related to start-up activities, for which we are expecting enrollment to begin in the second half of 2023;
- increases in costs related to our other clinical trials of approximately \$1.4 million driven by costs for REGEN-007 now that we have completed enrollment of that trial, as well as start-up costs related to REGEN-015; and
- increases in other research and development costs of approximately \$1.6 million related to additional spending on manufacturing improvements and professional fees.

General and administrative expenses

The increase in general and administrative expenses of approximately \$4.3 million was primarily driven by the following:

- increases in legal fees and insurance costs of approximately \$2.9 million related to our operations as a public company; and
- increases in professional fees of approximately \$0.9 million related to our planned commercial scale manufacturing expansion.

Income tax expense

Income tax expense for the three months ended June 30, 2023 was relatively consistent with the income tax expense recognized for the three months ended June 30, 2022.

Comparison of Six Months Ended June 30, 2023 and 2022

The following table summarizes our results of operations for the six months ended June 30, 2023 and 2022 (in thousands):

| | Six Months Ended June 30, | | |
|----------------------------------------------------------------------------|---------------------------|--------------------|------------------|
| | 2023 | 2022 | Change |
| Operating expenses: | | | |
| Research and development | \$ 51,981 | \$ 40,048 | \$ 11,933 |
| General and administrative | 28,714 | 47,152 | (18,438) |
| Total operating expense | 80,695 | 87,200 | (6,505) |
| Loss from operations | (80,695) | (87,200) | 6,505 |
| Interest income | 11,262 | – | 11,262 |
| Interest expense | (7) | (184) | 177 |
| Net loss before taxes | (69,440) | (87,384) | 17,944 |
| Income tax expense | 2,292 | 2,233 | 59 |
| Net and comprehensive loss before noncontrolling interest | (71,732) | (89,617) | 17,885 |
| Net loss and comprehensive loss attributable to noncontrolling interest | (52,949) | – | (52,949) |
| Net loss and comprehensive loss available to Class A ordinary shareholders | <u>\$ (18,783)</u> | <u>\$ (89,617)</u> | <u>\$ 70,834</u> |

Research and development expenses

The increase in research and development expenses of approximately \$11.9 million was primarily driven by the following:

- increases in cash-based compensation costs of approximately \$5.5 million due to the hiring of additional personnel in the areas of manufacturing and quality associated with the need to support our Phase 3 clinical trials and in the areas of clinical development and biostatistics as our development programs continue to progress;
- increases in equity-based compensation costs of approximately \$3.8 million related to the issuance of additional equity awards made to employees;
- increases in costs of approximately \$8.8 million related to proact-1 and proact-2, as proact-1 continues to enroll additional subjects and proact-2 continues to incur costs related to start-up activities, for which we are expecting enrollment to begin in the second half of 2023;
- increases in costs related to our other clinical trials of approximately \$2.9 million particularly driven by costs for REGEN-007 now that we have completed enrollment of that trial; and
- increases in other research and development costs of approximately \$3.4 million related to additional spending on manufacturing improvements and professional fees, offset by decreases in costs of \$14.1 million related to equity-based payments for services rendered by a third-party which were adjusted to the fair value of the awards issued upon their grant date in the six months ended June 30, 2022.

General and administrative expenses

The decrease in general and administrative expenses of approximately \$18.4 million was primarily driven by the following:

- decreases in equity-based compensation of approximately \$26.2 million as such expense was higher for the six months ended June 30, 2023 due to the sale of Class B-1 Units of PKLP at amounts less than their fair value offset by;
- increases in professional fees and insurance costs of approximately \$6.3 million related to our operations as a public company; and
- increases in cash-based compensation expenses of approximately \$0.5 million due to the hiring of additional personnel.

Income tax expense

Income tax expense for the six months ended June 30, 2023 was relatively consistent with the income tax expense recognized for the six months ended June 30, 2022.

Liquidity and Capital Resources

Sources of liquidity

Since our inception, we have not recognized any revenue and have incurred operating losses and negative cash flows from our operations. We have not yet commercialized any product and we do not expect to generate revenue from sales of any products for several years, if at all. From our inception through June 30, 2023, we funded our operations primarily through capital contributions from the holders of PKLP and the proceeds obtained through the business combination between Social Capital Suvretta Holdings Corp. III and PKLP (the “Business Combination”) and related PIPE financing.

We expect that our existing cash, cash equivalents and marketable securities held at June 30, 2023, will enable us to fund our operating expenses and capital expenditure requirements through 2024. We have based this estimate on assumptions that may prove to be wrong and we could exhaust our capital resources sooner than we expect.

We expect our expenses to increase substantially if, and as, we:

- initiate and continue research and clinical development of our product candidates, including in particular our clinical trials for REACT;
- incur third-party manufacturing costs to support our non-clinical studies and clinical trials of our product candidate and, if approved, its commercialization;
- seek to identify and develop additional product candidates;
- make investment in developing internal manufacturing capabilities; and
- seek regulatory and marketing approvals for our product candidates.

In addition, since the closing of the Business Combination (the “Closing”) we have begun incurring additional costs associated with operating as a public company, including significant legal, audit, accounting, investor and public relations, regulatory, tax-related, director and officer insurance premiums and other expenses. Developing pharmaceutical products, including conducting clinical trials, is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval for any product candidates or generate revenue from the sale of any product candidate for which we may obtain marketing approval. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of product that we do not expect to be commercially available for at least several years, if ever.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the public or private sale of equity, government or private party grants, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our shareholders. Debt financing and 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 capital expenditures or declaring dividends. If we are unable to obtain additional funding, we could be forced to delay, reduce or eliminate some or all of our research and development programs, product portfolio expansion or any commercialization efforts, which could adversely affect our business prospects, or we may be unable to continue operations. If we raise funds through strategic collaborations or other similar arrangements with third parties, we may have to relinquish valuable rights to our technology, future- revenue streams, research programs or product candidates or may have to grant licenses on terms that may not be favorable to us and/or may reduce the value of our shares. Our ability to raise additional funds may be adversely impacted by potential worsening global economic conditions and disruptions to and volatility in the credit and financial markets in the United States and worldwide. Because of the numerous risks and uncertainties associated with product development, we cannot predict the timing or amount of increased expenses, and there is no assurance that we will ever be profitable or generate positive cash flow from operating activities.

Cash Flows

Cash Flows for the Six Months Ended June 30, 2023 and 2022

The following table provides information regarding our cash flows for the six months ended June 30, 2023 and 2022 (in thousands):

| | Six Months Ended June 30, | |
|-----------------------------------------------------------|----------------------------------|-----------------|
| | 2023 | 2022 |
| Net cash flows used in operating activities | \$ (40,908) | \$ (38,485) |
| Net cash flows used in investing activities | (205,765) | (1,225) |
| Net cash flows (used in) provided by financing activities | (26) | 41,034 |
| Net change in cash and cash equivalents | <u>\$ (246,699)</u> | <u>\$ 1,324</u> |

Operating Activities

Net cash used in operating activities was approximately \$40.9 million for the six months ended June 30, 2023, reflecting a net loss of approximately \$71.7 million and uses driven by changes in working capital of approximately \$6.9 million. Such uses were partially offset by non-cash charges of \$25.9 million. The non-cash charges primarily consisted of equity-based compensation expense of \$24.2 million and depreciation and amortization expense of \$1.7 million. The changes in working capital primarily relate to the timing of payments made to our vendors for services performed and the recognition of receivable amounts related to interest on our marketable security investments.

Net cash used in operating activities was approximately \$38.5 million for the six months ended June 30, 2022, reflecting a net loss of \$89.6 million and uses driven by changes in working capital of approximately \$11.0 million, partially offset by non-cash charges of \$62.1 million. The non-cash charges primarily consisted of equity-based compensation expense of \$60.7 million and depreciation and amortization expense of \$1.5 million.

The approximately \$2.5 million increase in cash used in operating activities for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily driven by an increase in net loss after adjusting for the non-cash charges and gains on investments of approximately \$20.3 million offset by a decrease in the use of cash related to the timing of payments to our vendors and receipt of interest amounts due.

Investing Activities

Net cash used in investing activities was approximately \$205.8 million and \$1.2 million for the six months ended June 30, 2023 and 2022, respectively. The cash used in investing activities during the six months ended June 30, 2023 was primarily related to the investment of a portion of the proceeds raised through the Closing in marketable securities.

Financing Activities

Net cash used in financing activities for the six months ended June 30, 2023 was an insignificant amount. Net cash provided by financing activities was \$41.0 million for the six months ended June 30, 2022 and relates to the sale of Class A and B-1 Units of PKLP during that period.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements. Our consolidated financial statements are prepared in accordance with GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 2 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

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 the rules and regulations of the SEC.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the “JOBS Act”). The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies, allowing them to delay the adoption of those standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period under the JOBS Act. As a result, our consolidated financial statements may not be comparable to the financial statements of companies that are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our ordinary shares less attractive to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

The Company’s exposure to changes in interest rates relates primarily to the Company’s investment portfolio. The goals of our investment strategy are preservation of capital, fulfillment of liquidity needs and fiduciary control of cash and investments. We also seek to maximize income from our investments without assuming significant risk. To achieve our goals, we maintain a portfolio of cash equivalents and investments in a variety of securities that management believes to be of high credit quality. All securities in our investment portfolio are not leveraged and are, due to their short-term nature, subject to minimal interest rate risk. Because of the short-term maturities of our investments, we do not believe that an increase in market rates would have a material negative impact on the value of our investment portfolio.

Foreign Currency Risk

We do not have any material foreign currency exposure.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of June 30, 2023. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2023, our disclosure controls and procedures were effective in causing material information relating to us (including our consolidated subsidiaries) to be recorded, processed, summarized and reported by management on a timely basis and to ensure the quality and timeliness of our public disclosures pursuant to SEC disclosure obligations.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of controls.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Changes to Internal Control over Financial Reporting

We previously reported a material weakness in our internal control over financial reporting related to the Company’s accounting for complex financial instruments, which condition existed prior to the Closing of the Business Combination. That material weakness has been remediated. There have been no other changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Website Availability of Reports and other Corporate Governance Information

The Company maintains a comprehensive corporate governance program, including Corporate Governance Guidelines for its Board of Directors, Board Guidelines for Assessing Director Independence and charters for its Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. The Company maintains a corporate investor relations website, <https://investors.prokidney.com/>, where stockholders and other interested persons may review, without charge, among other things, corporate governance materials and certain SEC filings, which are generally available on the same business day as the filing date with the SEC on the SEC's website <http://www.sec.gov>. The contents of our website are not made a part of this Quarterly Report on Form 10-Q.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors.

Summary of Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully in the section entitled "Risk Factors" in our Registration Statement on Form 10-K filed with the SEC on March 28, 2023, as amended on April 27, 2023.

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

There were no sales of unregistered equity securities during the three months ended June 30, 2023.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

| Exhibit Number | Description |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1* | Purchase Agreement, as amended, dated March 29, 2023, by and among ProKidney Corp. and 73 BCI 2 LLC. |
| 10.2* | Assignment and Assumption of Purchase and Sale Agreement, dated July 17, 2023, by and among ProKidney Corp. and ProKidney Acquisition Company, LLC. |
| 31.1* | Certification of Principal 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 Principal 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 Principal 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 Principal 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 the Company's Quarterly report on Form 10-Q for the quarter ended June 30, 2023, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (unaudited), (ii) Condensed Consolidated Statements of Operations (unaudited), (iii) Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interest and Stockholders' Deficit (unaudited), (iv) Consolidated Statements of Cash Flows (unaudited) and (v) Notes to Condensed Consolidated Financial Statements (unaudited), tagged as blocks of text and including detailed tags.
- 104* The cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL.

* Filed herewith.

SIGNATURES

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

Company Name

Date: August 10, 2023

By: /s/ Timothy A. Bertram

Name: Timothy A. Bertram

Title: Chief Executive Officer

(Principal Executive Officer)

Date: August 10, 2023

By: /s/ James Coulston

Name: James Coulston

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the “Agreement”) is made and entered into by and between **ProKidney Corp., a Cayman Islands exempted company** (“Purchaser”) and **73 BCI 2 LLC**, a North Carolina limited liability company (“Seller”).

1. **SALE OF PROPERTY**

1.1 Upon the terms and conditions hereinafter set forth, and in consideration of the mutual covenants, agreements and undertakings set forth herein, Seller shall sell to Purchaser and Purchaser shall purchase from Seller that certain real property consisting of approximately 22.881 acres of land and the building structure thereon consisting of approximately 210,600 square feet, all located at 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016 (the “Site”), including all of the following described property (collectively, the “Property”):

(a) All of Seller’s right, title, interest and obligations in, to and under the real property located at the Site and being more particularly described on EXHIBIT A attached hereto and incorporated herein by this reference, together with all rights, easements, and appurtenances pertaining to such real property (the “Land”);

(b) All improvements, structures and fixtures currently or hereafter placed, constructed or installed on the Land (collectively the “Improvements”);

(c) All mechanical systems and the fixtures and equipment related thereto comprising part of or attached to or located upon the Improvements or the Property, including, but not limited to, electrical systems, plumbing systems, heating systems, and air conditioning systems and all equipment and machinery, supplies, signs, spare parts, and other tangible personal property and equipment used in the operation of the Improvements or installed, located or situated on the Property as of the Effective Date, including without limitation those items listed on EXHIBIT J (collectively, the “Personal Property”);

(d) Seller’s interest in all (i) management agreements, (ii) maintenance, repair, service and pest control contracts (including but not limited to janitorial and landscaping agreements), and (iii) all other contracts pursuant to which services or goods are provided to the Property (collectively, the “Service Contracts”) as the same are listed in EXHIBIT B; provided Purchaser shall be obligated at Closing to purchase only those Service Contracts which are Continuing Contracts pursuant to Section 3.6 hereof.

(e) Seller’s interest in all warranties, guaranties and bonds relating to the Land, the Improvements or the Personal Property, to the extent same are assignable, and all site plans, surveys, plans and specifications (to the extent Seller owns and has rights to transfer such property) (collectively, the “Intangible Property”).

2. **PURCHASE PRICE**

2.1 Subject to the terms and provisions of this Section 2.1 and the adjustments and apportionments set forth herein, the purchase price (the “Purchase Price”) for the Property shall be TWENTY-FIVE MILLION, SEVEN HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$25,750,000.00), payable at Closing (as hereinafter defined) in certified funds or by wire transfer.

2.2 This Agreement shall be effective on the date (the “Effective Date”) on which the last of

Seller and Purchaser has executed this Agreement and delivered the same to the other party. Within five

(5) business days after the Effective Date, Purchaser will deposit with Old Republic National Title Insurance Company (the "Title Company") an earnest money deposit in the amount TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00) ("Initial Deposit"). Within three (3) business days following the expiration of the Incentives Period, Purchaser will deposit with the Title Company an additional earnest money deposit in the amount of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00) ("Additional Deposit;" the Initial Deposit and the Additional Deposit are collectively referred to herein as the "Deposit"). The Deposit shall be placed in an interest bearing account of the Title Company and shall be released pursuant to the provisions of this Agreement. Interest earned on the Deposit shall accrue and shall be deemed a portion of the Deposit.

2.3 Unless this Agreement terminates on or before expiration of the Inspection Period in accordance with Article 3 below, the Deposit shall become non-refundable to Purchaser effective upon the expiration of the Inspection Period and, subject to the provisions of Article 12 hereof, shall constitute liquidated damages to Seller if Closing does not occur for any reason other than (i) a Seller's default under this Agreement or (ii) any other reason specifically entitling Purchaser to a refund of the Deposit pursuant to the express terms of Section 2.4 or any other express terms of this Agreement.

2.4 Upon closing of this transaction, the Deposit shall be credited against the Purchase Price. In the event this transaction fails to close as a result of Seller's default under Section 12.2, the failure of any condition precedent to Purchaser's obligations set forth in Article 5, termination pursuant to Article 3 or Purchaser's termination pursuant to Article 13, the Deposit shall immediately be returned to Purchaser, and the Purchaser shall have all of the remedies provided to it under Section 12.2 to the extent applicable. In the event of Purchaser's default constituting or resulting in Purchaser's failure to close, and if such default is not cured within ten (10) days from written notice thereof from Seller to Purchaser, then Title Company shall immediately deliver the Deposit to Seller and retention of the Deposit by Seller shall be Seller's sole and exclusive remedy.

2.5 In the event of a termination of this Agreement for any reason, Seller shall receive a check from Purchaser in the amount of TEN AND NO/100 DOLLARS (\$10.00) (the "Independent Contract Consideration"), which amount the Seller and Purchaser hereby acknowledge and agree has been bargained for and agreed to in consideration for Seller's execution and delivery of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided for in this Agreement, and is non-refundable in all events.

3. SURVEY, TITLE COMMITMENT, INSPECTIONS, & INCENTIVES

3.1 Purchaser may obtain, at Purchaser's sole cost and expense a current title commitment (the "Title Commitment") issued by the Title Company for an ALTA Owner's Title Policy with extended coverage showing the state of the title to the Property which would appear in an ALTA Owner's Title Policy, if issued, accompanied by true, correct and legible copies of all recorded instruments affecting title, and committing to issue such ALTA Owner's Title Policy to Purchaser in the full amount of the Purchase Price. Further, Purchaser, at its sole cost and expense, may receive a survey of the Property. Purchaser may notify Seller in writing (the "Title Objection Notice") of all title matters or matters of survey to which Purchaser objects, not less than five (5) days prior to the expiration of the Inspection Period (such date, the "Title Objection Date"). Purchaser shall cause the matters listed in the Title Objection Notice to be set forth with a description in reasonable detail of the correction sought. Seller shall, within not more than three (3) business days of receiving such Title Objection Notice, notify Purchaser in writing whether Seller elects, at Seller's expense, to correct prior to Closing any items that Purchaser determines to be unacceptable with regard to the Property. If Seller does not make or agree to make such correction on or before the expiration of such three (3) day period, Seller shall be deemed to have elected not to make such

correction, and if this Agreement is not terminated upon or prior to the expiration of the Inspection Period,

then Purchaser's objections to such items shall be deemed waived by the Purchaser upon the expiration of the Inspection Period. If this Agreement is terminated upon or prior to the expiration of the Inspection Period, the Deposit shall be returned to Purchaser and neither party shall have any further rights or obligations hereunder. If Seller agrees to make such corrections prior to Closing but is unable to do so, Purchaser shall have the following options: (i) to accept conveyance of the Property subject to the Permitted Exceptions, specifically including any matter (other than a Voluntary Lien) objected to by Purchaser which Seller is unwilling or unable to cure (and such matter(s) shall thereafter be deemed to be a Permitted Exception), without reduction of the Purchase Price, or (ii) to terminate this Agreement. If Purchaser chooses to terminate this Agreement pursuant to this section, the Deposit shall be returned to Purchaser and neither party shall have any further rights or obligations hereunder except where this Agreement specifically provides that a right, obligation, or liability shall survive the expiration or termination of this Agreement. As used herein, "Permitted Exceptions" shall mean the lien for ad valorem real estate taxes on the Property for the year in which the Closing occurs and subsequent years, any other matters that are shown on the Title Commitment or Survey and not objected to by Purchaser in the Title Objection Notice, or otherwise waived by Purchaser pursuant to this Section 3.1. Notwithstanding anything herein to the contrary, Seller, prior to or at Closing shall remove any and all mortgages, deeds of trust, UCC Financing Statements and other monetary liens and encumbrances placed of record by Seller or as a result of Seller's action or inaction and relating to the Property ("Voluntary Liens"), and Purchaser shall have no obligation to give Seller any notice of objection with respect to any Voluntary Liens.

3.2 Within three (3) business days after the Effective Date, Seller shall, at Seller's sole cost and expense, furnish Purchaser with complete copies of the following (to the extent same are in Seller's possession or control) (collectively, the "Due Diligence Documents"):

- (a) A copy of Seller's title insurance policy and any lender title insurance policy;
- (b) All environmental studies and reports regarding the Property (e.g. soil borings, underground or above ground storage tanks, etc.);
- (c) Any survey of the Property that has been produced for Seller or Seller's lender and any floor or site plans for the Property;
- (d) Any copies of "as built" architectural and engineering property plans, including any building systems summary indicated electrical, plumbing, HVAC, utility company, and fire protections;
- (e) All soils reports concerning the Property;
- (f) All permits, licenses and approvals for the Property, the current improvements located thereon, and any contemplated future improvements, including without limitation, building permits, special permits, variances and other evidence of zoning relief or certificate of occupancy, together with any inspection reports or other documentation created in connection with the application for or issuance of such permits, licenses and approvals;
- (g) Certified, complete, executed copies of any current or proposed leases or other agreement granting occupancy rights with respect to the Property to any person or entity;
- (h) Any notices from any government agency giving notice of any condition or use of the Property not in conformance with law or regulations;
- (i) Any maintenance or management contracts existing with respect to the Property;

and,

6

(j) Reports of insurance carriers insuring the Property, and each portion thereof, respecting the claims history of the Property.

In addition, during the term of this Agreement, Seller shall promptly provide Purchaser with such additional information concerning the Property as Purchaser may reasonably request, to the extent the same is in Seller's possession or control.

Seller makes no representations or warranties to the accuracy or completeness of the Due Diligence Documents. It is the parties' express understanding and agreement that such materials are provided only for Purchaser's convenience in making its own examination and determination as to whether it wishes to purchase the Property, and, in doing so, Purchaser shall rely exclusively on its own independent investigation and evaluation of every aspect of the Property and not on any materials supplied by Seller. Purchaser expressly disclaims any intent to rely on any such materials provided to it by Seller in connection with its inspection and agrees that it shall rely on its own independently developed or verified information.

Purchaser shall have the period ending at 6:00 p.m. (local time at the Property) on the date that is forty-five (45) days following the Effective Date (the "Inspection Period"), to physically inspect the Property, review economic data and market conditions, conduct appraisals, make inquiry of governmental officials, perform examinations of the physical condition of the Improvements, examine the Real Property for the presence of Hazardous Materials, and to otherwise conduct such due diligence and underwriting as Purchaser, in its sole and absolute discretion, deems appropriate, subject to the terms hereof. This Agreement shall terminate unless, before 6:00 p.m. on the last day of the Inspection Period (the "Inspection Period Notice Deadline"), Purchaser gives Seller written notice (the "Inspection Period Notice") that Purchaser, in its absolute and unreviewable discretion, elects to proceed with the purchase of the Property subject to the provisions hereof relating to the Incentives Period Notice and otherwise subject to and in accordance with the terms of this Agreement. In addition, at any time before the Inspection Period Notice Deadline, Purchaser may, in its absolute and unreviewable discretion, terminate this Agreement by giving written notice thereof to Seller (the "Termination Notice"). In the event that either: (a) Purchaser gives a Termination Notice before the Inspection Period Notice Deadline, or (b) Purchaser does not give a Termination Notice but fails to give the Inspection Period Notice before the Inspection Period Notice Deadline, this Agreement shall automatically terminate, the Deposit promptly shall be returned to Purchaser, and Seller and Purchaser shall have no further obligations or liabilities to each other hereunder except where this Agreement specifically provides that a right, obligation, or liability shall survive the expiration or termination of this Agreement.

3.3 If this Agreement is terminated pursuant to this Article 3 or Purchaser fails to purchase the Property due to a default by Purchaser hereunder, Purchaser shall return to Seller or destroy the Due Diligence Documents.

3.4 Purchaser may, at any time from and after the Effective Date, personally or through others make such inspections, tests and investigations of the Property as Purchaser deems necessary or advisable with respect to the Property (collectively, the "Investigations"), including without limitation, access, utility services, zoning, engineering and soils and environmental conditions (the "Inspection Condition"). The Inspection Condition must be satisfied or waived by the end of the Inspection Period. Notwithstanding any of the foregoing to the contrary, Purchaser shall not be entitled to conduct any environmental investigations on the Property beyond a Phase I environmental site assessment without the Seller's express written consent, which consent may be withheld in the Seller's sole discretion. For purposes of the Investigations, Seller shall give those persons inspecting the Property at Purchaser's request reasonable access to the Property. The cost of the Investigations shall be borne solely by Purchaser. The Purchaser agrees to (i) indemnify, defend and hold the Seller and its affiliates, subsidiaries, agents, employees and representatives, harmless from and against any injury, loss, damage and expense (including reasonable attorneys' fees and expenses) incurred by or asserted against the Seller and caused directly or indirectly by

the entry onto the Property and the inspection, examination, testing and investigation of the Property by the Purchaser and the Purchaser's employees, agents and contractors and other undertakings of the Purchaser and the Purchaser's employees, agents and contractors under this Agreement, except to the extent caused by Seller's gross negligence or willful misconduct, and (ii) restore the Property to the condition in which it existed immediately prior to the Purchaser's entry thereon, reasonable wear and tear excepted. This section shall survive the delivery of the Deed and/or any termination of this Agreement. The indemnities contained in this Section 3.4 shall survive the Closing or the earlier termination of this Agreement. The right of access to the Property granted hereby shall in no way be construed as giving the Purchaser possession of or any legal or equitable title to the Property prior to the Closing.

Before any entry upon the Property, the Purchaser shall, at the Purchaser's expense, provide and maintain, or cause the Purchaser's contractors to provide and maintain, workers' compensation insurance, to the extent required under the workers' compensation law of the jurisdiction in which the Property is located, and commercial general liability insurance, all in form and with coverage limits reasonably satisfactory to the Seller and with insurance companies authorized to do business in the jurisdiction in which the Property is located. The Purchaser's commercial general liability insurance shall specifically extend to and include the indemnity agreement set forth herein. Prior to the commencement of entry by the Purchaser, the Purchaser shall furnish sufficient certificates of such insurance to the Seller, which certificates shall provide that such insurance shall not be canceled or changed until at least thirty (30) calendar days' prior written notice is given to the Seller and shall name the Seller as an additional insured thereunder.

3.5 Purchaser intends to pursue certain state and local development incentives (the "Incentives") in connection with the purchase of the Property: the Incentives form a major part of Purchaser's decision-making with respect to the viability of the transaction contemplated by this Agreement and the transaction would become impossible or commercially impractical if the Incentives are not awarded in connection with the transaction contemplated by this Agreement. Seller agrees, at no cost to Seller, to cooperate with Purchaser's efforts to obtain the Incentives. This Agreement shall terminate unless, before 6:00 p.m. on the last day of the Incentives Period (the "Incentives Period Notice Deadline"), Purchaser gives Seller written notice (the "Incentives Period Notice") that Purchaser, in its absolute and unreviewable discretion, elects to proceed with the purchase of the Property subject to and in accordance with the terms of this Agreement. In addition, at any time before the Incentives Period Notice Deadline, Purchaser may, in its absolute and unreviewable discretion, terminate this Agreement by giving written notice thereof to Seller (the "Incentives Termination Notice"). In the event that either: (a) Purchaser gives a Termination Notice before the Incentives Period Notice Deadline, or (b) Purchaser does not give a Termination Notice but fails to give the Incentives Period Notice before the Incentives Period Notice Deadline, this Agreement shall automatically terminate, and the Deposit shall be returned to Purchaser, and thereafter neither party shall have any rights or obligations hereunder except where this Agreement specifically provides that a right, obligation, or liability shall survive the expiration or termination of this Agreement. The period between the date hereof and that date that is sixty (60) days following the date hereof being referred to herein as the "Incentives Period." If this Agreement has not terminated prior to the expiration of the Incentives Period, the Deposit shall be non-refundable to Purchaser and deemed earned by Seller, except in the event of a Seller default hereunder or as otherwise set forth in this Agreement.

3.6 Prior to the Inspection Period Notice Deadline, Purchaser shall notify Seller of which Contracts, if any, Purchaser wishes to have assigned to it at the Closing (any such contracts, the "Continuing Contracts"). Any Contract as to which Purchaser does not send such notice shall be terminated by Seller on or prior to the Closing Date at no cost to Purchaser. Notwithstanding the foregoing, in all events, all management and leasing agreements shall be terminated on or before the Closing at no cost or liability to Purchaser.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Seller represents and warrants to Purchaser as follows (which representations and warranties shall be true and correct as of the Effective Date and as of the date of the Closing):

(a) Seller is duly organized and legally existing under the laws of the State of North Carolina, is duly authorized to do business in the state of North Carolina, has duly and validly authorized and executed this Agreement, and has full right, title, power and authority to enter into this Agreement and to carry out all of its terms, none of which will result in any breach or constitute default under any agreement or other instrument to which Seller is a party or by which Seller or the Property might be bound;

(b) To Seller's Knowledge (as defined below), there are no existing or pending litigation actions, or claims, with respect to any aspect of the Property nor, to Seller's knowledge, have any such actions, suits, proceedings or claims been threatened or asserted;

(c) Seller has not entered into any, and Seller has no knowledge of, any unrecorded leases, rental agreements, license agreements or other occupancy agreements which affect the Property as of the date hereof or which will affect the Property after Closing;

(d) Seller is not a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), Sections 1445 and 7701; Seller is not, and will not be, a person with whom Purchaser is restricted from doing business under anti-terrorism laws; and Seller has no employees;

(e) From and after the Effective Date, Seller shall not enter into any Service Contracts or leases which shall be binding on Purchaser or the Property after Closing without the prior written approval of Purchaser;

(f) Seller shall from the Effective Date continue to maintain, operate and manage the Property in the same manner that it has heretofore maintained and operated the Property;

(g) Seller hereby agrees that from the Effective Date until Closing it will maintain in force, fire and extended coverage insurance upon the Property and public liability insurance with respect to damage or injury to persons or property occurring on the Property in such amounts as is maintained by Seller on the Effective Date;

(h) Seller shall not convey or voluntarily encumber the Property or any interest therein or any part thereof, or contract to do so, including the granting or recording of any easements, covenants, restrictions, declarations or other matters affecting title to the Property, without the prior written consent of Purchaser;

(i) Lease Brokerage. There are no lease brokerage agreements, leasing commission agreements or other agreements providing for payments of any amounts for leasing activities or procuring tenants with respect to the Property, whether now or in the future. No brokerage or similar fee is due or unpaid by the Seller with respect to the Property;

(j) Contracts. Exhibit B sets forth a complete and accurate list of the Service Contracts entered into by Seller. Seller has no knowledge of any other contracts for the provision of services to the Property that would not be terminated as of the date of Closing other than as provided on Exhibit B. Seller has given Purchaser true and complete copies of the Service Contracts. To Seller's knowledge, the

Service Contracts are in full force and effect and neither Seller nor any other party is in default in any material respect under any Service Contract;

(k) Warranties and Related Matters.

(A) Attached hereto as Exhibit K is a true, complete, correct and complete list of all warranties or guaranties related to the Property to the knowledge of Seller and all amendments and modifications thereto (collectively, the "Warranties"). True and correct copies of all of the Warranties have been delivered to Purchaser. To Seller's knowledge, the Warranties are in full force and effect and, if requested by Purchaser, Seller shall, at Closing, execute and deliver any reasonable documentation required to transfer the benefit of the Warranties to Purchaser, provided (i) the acknowledgment of such transfer by the issuer shall not be a condition of Closing, and (ii) Purchaser shall pay any fee or other cost required to cause such transfer;

(B) To Seller's knowledge, Seller has not received written notice from any governmental authority alleging that the Property is in violation in any material respects with any Legal Requirements, which remains outstanding and uncured.

(C) Seller has not received any written notice from any insurance company, insurance rating organization or Board of Fire Underwriters requiring any alterations, improvements or changes at the Property, or any portion thereof, which remains outstanding and uncured; and

(D) To the Seller's knowledge, the Seller has not failed to deliver to Purchaser a true and complete copy of each of the Due Diligence Documents.

(l) Litigation and Other Proceedings.

(A) To Seller's knowledge, no condemnation or eminent domain proceedings are pending or threatened against the Property or any part thereof, and the Seller has not made any commitments to or received any written notice of the desire of any public authority or other entity to take or use the Property or any part thereof whether temporarily or permanently, for easements, rights-of-way, or other public or quasi-public purposes;

(B) To Seller's knowledge, there are no pending or threatened, judicial or administrative proceedings or investigations affecting or relating to the use, operation or ownership of the Property;

(m) Taxes. To Seller's knowledge, there are no tax refund proceedings relating to the Property which are currently pending. Seller has received no written notice from the applicable municipal taxing authority (i) of any special taxes or assessments to be levied against the Property or (ii) of any change in the tax assessment of the Property;

(n) No Preemptive Rights. The Seller has not granted any option or right of first refusal or first opportunity to any party to acquire any interest in any of the Property;

(o) All sums payable by reason of any materials or labor furnished with respect to the Property have been, or in the ordinary course of business prior to Closing will be, paid in full, and Seller has no knowledge of any unresolved disputes in connection therewith;

As used in this Article 4, the terms "Knowledge", "Seller's Knowledge" or similar reference (regardless of capitalization) shall mean those matters which are actually, consciously known by Arthur L.

Samet and John Collett, who are the Managers of Seller and who have been involved in the acquisition and development of the Property since Seller acquired the Property without independent investigation or inquiry. There shall be no personal liability on the part of any individual(s) named above arising out of any representations or warranties made herein or otherwise. Seller shall indemnify Purchaser, its successors and assigns, against, and shall hold Purchaser, its successors and assigns, harmless from, any costs, expenses, or actual damages, including reasonable attorneys' fees, which Purchaser may incur because of any breach of the representations and warranties herein contained, subject to the terms of this Section. The representations and warranties set forth in Article 4 shall survive Closing for a period of six (6) months only. In the event Purchaser has not given notice to Seller of a claim based on breach of a representation or warranty or covenant set forth in this Agreement within six (6) months after the Closing Date, Purchaser agrees that Seller shall be fully released and discharged from any liability whatsoever arising out of the representations, warranties and covenants set forth in this Agreement. In the event that Purchaser determines prior to the consummation of the sale of the Property that any representation or warranty of Seller is untrue or incorrect, Purchaser shall have the right, as its sole and exclusive remedy, to either terminate this Agreement and obtain a refund of the Deposit, or, alternatively, to close and take title to the Property subject to the truth of applicable matter, in which case Purchaser shall be deemed to have waived any claim against Seller based on the representation or warranty being untrue; provided, in the event Seller knew the underlying facts set forth in the any of the above representations and warranties to be untrue when given, then Purchaser shall have the remedies set forth herein for default by Seller. Purchaser shall not have the right to bring a cause of action for a breach of a representation, warranty or covenant unless the damage to such party on account of such breach (individually or when combined with damages from other breaches) equals or exceeds \$25,000.00 (the "Basket"), in which event the full amount of such claim may be made. Notwithstanding any other provision of this Agreement or any rights which Purchaser might otherwise have at law, equity, or by statute, whether based on contract or some other claim, Purchaser agrees that any liability of Seller to Purchaser will be limited to \$350,000.00 (the "Cap").

4.2 Purchaser represents and warrants to Seller as follows (which representations and warranties shall be true and correct as of the Effective Date and as of the date of Closing):

(a) Purchaser has duly and validly authorized and executed this Agreement. This Agreement is enforceable against Purchaser in accordance with all of its terms.

(b) The execution and delivery by Purchaser and consummation of transactions provided for herein (i) will be pursuant to proper legal authority of Purchaser's entity as to the transactions provided for herein, (ii) will not violate the organizational documents of Purchaser, and (iii) do not contravene any existing governmental requirement applicable to or binding on Purchaser or any of its property.

(c) Purchaser is not, and will not be, a person with whom Seller is restricted from doing business under anti-terrorism laws.

(d) The Purchaser acknowledges and agrees that, except as expressly set forth in this Agreement or the Deed (as hereinafter defined):

(i) the Purchaser is purchasing the Property "AS IS, WHERE IS," with all faults and existing defects (either latent or patent) and in its condition (environmental and otherwise) at Closing.

(ii) the Seller has not made and does not make and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to,

concerning or with respect to (a) the value, nature, quality or condition of the Property, including, without limitation, the water, soil and geology thereof, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all operations, activities and uses which the Purchaser or anyone else may now or hereafter conduct thereon, (d) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, including, without limitation, environmental protection, pollution, zoning or land use, (e) the presence or existence in, on or under the Property of any hazardous substances, hazardous wastes, asbestos containing materials or any other substances or materials which are now or hereafter classified or considered to be hazardous or toxic under any laws, rules, ordinances or regulations of any applicable governmental authority or body or common law, (f) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property, (g) the manner or quality of the construction or materials, if any incorporated into the Property, (h) the manner, quality, state of repair or lack of repair of the Property, or (i) any other matter with respect to the Property.

(iii) in entering into this Agreement, the Purchaser has not been induced by, and has not relied upon, any representations, warranties or statements, whether express or implied, made by the Seller or any agent, employee or other representative of the Seller or by any broker or any other person representing or purporting to represent the Seller, which are not expressly set forth herein. Instead, the Purchaser's decision to purchase the Property shall be based solely upon the Purchaser's own examination and inspection of the Property.

(iv) any information regarding the Property which is provided to the Purchaser shall be for informational purposes only, the Seller has not made any independent investigation or verification of such information and the Seller makes no representation or warranty, either express or implied, with respect to the completeness or accuracy of any such information furnished or made available to the Purchaser or otherwise obtained by the Purchaser from any source.

(v) Seller shall not be liable for, or be bound by, any verbal or written statements, representations, information pertaining to the Property furnished by any real estate broker, agent, employee, servant or any other person unless the same are specifically set forth in writing in this Agreement. All information and documentation relating to the Property that have been provided or that may be provided to Purchaser during the course of Purchaser's due diligence investigation of the Property have been maintained by Seller in the ordinary course of Seller's business and Purchaser acknowledges and agrees that, except as is otherwise expressly provided for in this Agreement, such information and documentation is provided without warranty of any kind, including as to the accuracy, validity, or completeness of any such information or documentation.

(e) The provisions of this Section 4.2(c) shall survive Closing.

4.3 Purchaser shall indemnify Seller, its successors and assigns, against, and shall hold Seller, its successors and assigns, harmless from, any costs, expenses, or actual damages, including reasonable attorneys' fees, which Seller may incur because of any breach of the representations and warranties herein contained, subject to Section 9.1 hereof.

5. CONDITIONS

5.1 The obligations of Purchaser to consummate the transaction contemplated hereby are subject to the following conditions which, if not fulfilled by Closing or as otherwise provided herein, shall entitle Purchaser, at its option, to terminate the Agreement:

(a) The transactions contemplated under this Agreement to be effected on the Closing Date shall not be restrained or prohibited by any injunction or order or judgment rendered by any court or other governmental agency of competent jurisdiction because of the bankruptcy of Seller and no proceeding shall have been instituted and be pending in which any creditor of Seller or any other person seeks to restrain such transactions or otherwise to attach any of the Property, provided that any such proceeding or action contemplated by this Section 5.1(a) shall not be brought by, through or under the Purchaser;

(b) No change shall have occurred, without Purchaser's written consent, in the state of title matters disclosed in the Title Commitment or the survey and no material and adverse change shall have occurred to any of the Property; provided, Seller shall have the option to cure any such changes to Purchaser's satisfaction prior to the Closing Date;

(c) The Seller has timely complied with its obligations hereunder (including all obligations to be performed at Closing);

(d) On the Closing Date, all warranties and representations made by Seller herein are and remain true, complete, and accurate in all material respects;

(e) On the Closing Date, title to the Property shall be conveyed to Purchaser subject only to the Permitted Exceptions;

(f) On the Closing Date, (i) the Property shall be in the same condition that it is in as of the end of the Inspection Period, reasonable wear and tear excepted, and free from tenants and occupants; (ii) there shall be no judicial or administrative or condemnation proceeding pending or threatened concerning the Property that was not disclosed in writing to Purchaser before the date that is 10 days prior to the end of the Inspection Period; (iii) the Property shall be free and clear of: (y) any management or leasing agreements and any other Contracts other than any Continuing Contracts; and (z) any collective bargaining or employment agreements; and

(g) Seller shall have obtained a temporary or permanent certificate of occupancy for the Building.

5.2 The obligations of Seller to consummate the transaction contemplated hereby are subject to the following conditions which, if not fulfilled by Closing or as otherwise provided herein, shall entitle Seller, at its option, to terminate the Agreement:

(a) The Purchaser has timely complied in all material respects with its obligations hereunder (including all obligations to be performed at Closing);

(b) All warranties and representations made by Purchaser herein are and remain truthful in all material respects;

(c) Seller shall receive the Purchase Price at Closing.

5.3 During the term of this Agreement, Seller shall not enter into any new contracts concerning the Property ("Contracts") or material modifications, renewals or terminations of any existing Contracts that would impose any obligations on Purchaser or on the Property after Closing, without the written consent of Purchaser, which consent may be granted or denied in Purchaser's sole discretion.

5.4 Seller shall not, without Purchaser's prior written approval, (i) make any material alterations or additions to the Property, except as may be required by law or as may reasonably be required

for the prudent repair and maintenance of the Property, (ii) change or attempt to change (or consent to any change in) the zoning or other Legal Requirements applicable to the Property, or (iii) cancel, amend or modify in any material respect any Permit.

5.5 At all times prior to Closing, Seller shall: (i) insure the Improvements at 100% of replacement cost, and maintain liability and other insurance in accordance with generally prevailing industry standards; (ii) not sell or further encumber the Property or any interest therein or enter into any agreement relating thereto, and (iii) promptly give Purchaser a reasonably detailed written notice of: (1) any fire, flood or other material adverse change with respect to the Property of which Seller obtains actual knowledge; (2) any actual or proposed condemnation (or proceeding in lieu thereof) of which Seller obtains actual knowledge; (3) any written notice received by Seller claiming that the Property or the use and operation thereof fails to comply with any Legal Requirements; and (4) any written notice received by Seller concerning any pending or threatened litigation or administrative proceeding affecting the Property which would prohibit or materially interfere with Seller's ability to consummate the sale of the Property to Purchaser hereunder. If Seller becomes aware during the term of this Agreement of any matters that render any of its representations or warranties untrue, Seller shall promptly disclose such matters to Purchaser in writing.

6. CLOSING

6.1 Except as otherwise provided herein, the closing of the transaction contemplated herein shall be held on or before fifteen (15) days following the expiration of the Incentives Period, unless the date of closing is extended as mutually agreed in writing by the parties (the "Closing Date" or the "Closing"). To the extent possible, the Closing shall be conducted without personal attendance of the parties, but through an exchange of documents and funds in escrow with Title Company. If closing without personal attendance is not possible, the Closing shall be conducted at the offices of the Title Company or the attorney designated by the Title Company or at such other location as may be acceptable to Seller and Purchaser.

(a) At the Closing, the Seller shall deliver to Purchaser the items specified herein and the following documents and instruments, duly executed and acknowledged:

(i) A Special Warranty Deed, in the form attached hereto as EXHIBIT C, for the Land dated as of the Closing Date, conveying the Land and the Improvements relating to the Land to Purchaser or its permitted assignee, free and clear of all liens, and encumbrances which are not Permitted Exceptions to title;

(ii) A Bill of Sale, Blanket Conveyance and Assignment in the form attached hereto as Exhibit F;

(iii) The Representation Update certificate in the form attached hereto as Exhibit H;

(iv) The Notice of Right of First Offer in the form attached hereto as Exhibit E.

(v) An executed settlement statement, in form reasonably acceptable to Purchaser and Seller;

(vi) A resolution signed by each of the members and managers of Seller authorizing the transaction set forth in this Agreement and authorizing the managers to execute the documents required by this Agreement;

(vii) An executed certificate with respect to Seller's non-foreign status sufficient to comply with the requirements of Section 1445 of the Internal Revenue Code, and all regulations applicable thereto;

(viii) An executed copy of Internal Revenue Service Form 1099 as required by the Tax Reform Act of 1986, and all regulations applicable thereto;

(ix) Such affidavit on NCLTA form with respect to mechanic's or materialmen's liens;

(x) Seller's affidavit, executed and acknowledged, to the effect that to the Seller's actual knowledge there are no tenants, occupants, or other third parties in possession of the Property or having any right to possession of the Property under any unrecorded leases;

(xi) All keys in Seller's possession or control to all locks on the Improvements;

(xii) Originals of any Service Contracts that Purchaser has elected to assume, or if originals are not in Seller's possession or control, copies thereof;

(xiii) A gap indemnity affidavit in a form reasonably acceptable to Seller;

(xiv) All books, records and other documents in the possession or control of Seller and material to Purchaser's ownership or operation of the Property, including all permits for the construction and operation of the Property, as-built drawings, and the original plans and specifications;

(xv) The Warranties, including all related manuals in Seller's possession, if any; and

(xvi) Evidence of release and discharge of all Voluntary Liens; provided any discharges to be obtained by or on behalf of Seller from institutional mortgage lenders may be procured and recorded within a reasonable time after the delivery of the deed in accordance with customary local conveying practice and in all cases any such discharge shall be in the usual and customary form and reasonably acceptable to the Title Company.

(b) At the Closing, the Purchaser, or its permitted assignee, shall do the following:

(i) Pay to the Title Company the Purchase Price set forth in Section 2.1 subject to the apportionments and credits provided herein;

(ii) Provide evidence, acceptable to Seller and the Title Company, authorizing the consummation by Purchaser of the purchase and sale transaction contemplated hereby and the execution and delivery of the closing documents on behalf of Purchaser; and

(iii) Execute a settlement statement, in form reasonably acceptable to Purchaser and Seller.

(c) At the Closing, Seller and Purchaser shall execute and deliver such other instruments and documents as may be necessary in order to complete the Closing of the transactions contemplated hereunder, the form and content of which shall be acceptable to the Seller and the Purchaser.

6.2 The Purchaser shall pay the cost of the Owner's Policy of Title Insurance and the cost of recording the Special Warranty Deed and one half (1/2) of any escrow fee charged by the Title Company. All revenue stamps, transfer taxes applicable to the Special Warranty Deed and recording costs for instruments to be recorded in connection with the release of any mortgages, deeds of trust and other monetary liens and encumbrances on, or relating to, the Property, and one half (1/2) of any escrow fee charged by the Title Company shall be paid by the Seller. All other closing costs shall be allocated between Seller and Purchaser in the customary manner in the county in which the Property is located, for transactions of the type contemplated hereby. Each party shall pay its own attorney's fees.

7. PRORATIONS

7.1 Real estate taxes for the real estate tax year in which the Closing occurs, any other assessments, and storm water fees (collectively, "Delayed Billing Items") shall be apportioned as of the Closing Date between Purchaser and Seller with Seller being responsible for all fees prior to the date of Closing, and Purchaser shall be considered the owner of the Property as of the Closing Date for purposes of all apportionments. If the tax bill for the real estate tax year in which the Closing occurs or any other Delayed Billing Item has not been issued on or before the date of the Closing, the apportionment of taxes or the applicable Delayed Billing Item shall be computed based upon the most recent tax (or other applicable) bill available, the parties shall specify at Closing which Delayed Billing Items, if any, remain for post-Closing re-proration, and Purchaser and Seller shall re-prorate when the final tax (or other applicable) bill is received, which obligation of the parties hereto shall survive Closing and the conveyance of the Property to Purchaser. If, on the date of Closing, bills for the real estate taxes imposed upon the Property for the real estate tax year in which Closing occurs have been issued but shall not have been paid, such taxes shall be paid when due.

8. POSSESSION

8.1 Purchaser shall be entitled to full and exclusive possession of the Property at Closing, subject only to the Permitted Exceptions.

9. SURVIVAL

9.1 Except as otherwise expressly set forth herein, all warranties, representations, covenants, obligations and agreements contained in this Agreement shall survive the execution and delivery of this Agreement and shall survive the Closing hereof for a period of six (6) months. Notwithstanding anything to the contrary contained in this Agreement, Seller shall not be obligated to indemnify Purchaser if (i) Purchaser had knowledge of the material facts giving rise to the subject claim for indemnification prior to the Closing, or (ii) Seller, or any of its representatives or agents, disclosed the material facts giving rise to the subject claim for indemnification prior to the Closing.

10. COMMISSIONS

10.1 Purchaser warrants and represents to Seller that no realtor, broker, finder, or other intermediary has been involved with or employed by Purchaser in connection with the transaction contemplated by this Agreement, other than Keller Williams ("Purchaser Broker"). Seller warrants and represents to Purchaser that no realtor, broker, finder, or other intermediary has been involved with or employed by Seller in connection with the transaction contemplated by this Agreement other than Samet Properties, LLC ("Seller Broker"). Purchaser agrees to indemnify, hold harmless and defend Seller from and against all claims, loss, liability, cost and expense (including reasonable attorneys' fees at or before the trial level and any appellate proceedings) arising out of any claim made by Purchaser Broker or any realtor, broker, finder, or any other intermediary who claims to have been engaged, contracted or utilized

by the Purchaser in connection with the transaction which is the subject matter of this Agreement. Seller agrees to indemnify, hold harmless and defend Purchaser from and against all claims, loss, liability, cost and expense (including reasonable attorneys' fees at or before the trial level and any appellate proceedings) arising out of any claim made by Seller Broker or any realtor, broker, finder, or any other intermediary who claims to have been engaged, contracted or utilized by Seller in connection with the transaction which is the subject matter of this Agreement. This indemnification shall survive Closing or any termination of this Agreement and shall not expire as set forth in Article 9 hereof.

11. FURTHER INSTRUMENTS

11.1 Seller will, whenever reasonably requested by Purchaser, and Purchaser will, whenever reasonably requested by Seller, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, and all conveyances, assignments and all other instruments and documents as may be reasonably necessary in order to complete the transaction herein provided and to carry out the intent and purposes of this Agreement if the same is in a form reasonably acceptable to such party and its legal counsel as long as such other instruments and documents do not create new liabilities or obligations for Seller.

12. TERMINATION AND REMEDIES

12.1 If Purchaser defaults in its obligations under this Agreement for any reason except for a default by Seller, Seller shall immediately notify Purchaser in writing and Purchaser shall have ten (10) days to cure the default. If Purchaser fails to cure, Seller shall be entitled as its sole and exclusive remedy to receive and retain the Deposit as liquidated damages, and Seller and Purchaser shall have no further obligations to each other. THE PARTIES AGREE THESE AMOUNTS ARE A FAIR AND REASONABLE MEASURE OF THE DAMAGES TO BE SUFFERED BY SELLER IN THE EVENT OF PURCHASER'S DEFAULT AND THAT THE EXACT AMOUNT THEREOF IS INCAPABLE OF ASCERTAINMENT, AND THAT THE AMOUNT OF THE DEPOSIT REPRESENTS THE PARTIES' BEST AND MOST ACCURATE ESTIMATE OF THE DAMAGES THAT WOULD BE SUFFERED BY SELLER IF THE TRANSACTION SHOULD FAIL TO CLOSE AND THAT SUCH ESTIMATE IS REASONABLE UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT AND UNDER THE CIRCUMSTANCES THAT SELLER AND PURCHASER REASONABLY ANTICIPATE WOULD EXIST AT THE TIME OF SUCH BREACH. PURCHASER AND SELLER AGREE THAT SELLER'S RIGHT TO RETAIN THE DEPOSIT SHALL BE SELLER'S SOLE REMEDY, AT LAW AND IN EQUITY, FOR PURCHASER'S FAILURE TO PURCHASE THE PROPERTY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

12.2 If Seller defaults in Seller's obligations under this Agreement for any reason except for a default by Purchaser, Purchaser shall immediately notify Seller in writing and Seller shall have ten (10) days to cure the default. If Seller fails to cure, Purchaser may: (i) enforce specific performance of this Agreement and seek recovery for attorneys' fees and all other costs and expenses incurred relating to such action, provided, however, that if Purchaser brings an action to specifically enforce this Agreement and Seller transfers the Property to a third party or takes such other action such that the remedy of specific performance is impossible or impractical to obtain, Seller shall be liable for any actual damages suffered by Purchaser as a result of such breach up to but in no event more than the sum of (x) the positive difference, if any, between the amount Seller has sold or contracted to sell the Property for to the third party and the Purchase Price hereunder and (y) the amount of Purchaser's Transaction Costs; (ii) waive such default and consummate the transactions contemplated hereby in accordance with the terms of this Agreement; or (iii) terminate this Agreement and receive a refund of the Deposit and Seller shall reimburse Purchaser's Transaction Costs, and the parties shall have no further obligation to each other. As used herein, "Purchaser's Transaction Costs" shall mean the third party costs that Purchaser has incurred in

connection with this Agreement and the transaction contemplated hereby, up to but in no event more than One Hundred Thousand Dollars (\$100,000.00).

12.3 Notwithstanding the foregoing, Purchaser and Seller hereby waive and release all rights to sue the other party for any consequential, punitive or indirect damages. No shareholders, partners, or members of Purchaser or Seller, nor any of their officers, directors, agents, or employees shall have any personal liability arising out of or in any way related to this Agreement and the transactions contemplated hereby.

13. RISK OF LOSS

13.1 Risk of Loss. Between the Effective Date and Closing, the risks and obligations of ownership and loss of the Property shall belong to Seller. If any portion of the Property is damaged or destroyed by casualty prior to Closing, Seller shall give Purchaser written notice within five (5) days thereof. In the event of such damage or destruction, Purchaser shall have the right, at Purchaser's option (i) to terminate this Agreement by giving written notice to Seller on or before the date that is fifteen (15) days after the date upon which Purchaser receives written notice or (ii) proceed to Closing. If Purchaser elects to terminate this Agreement, the Deposit shall be returned to Purchaser and the parties hereto shall have no further obligations or liabilities under this Agreement except where this Agreement specifically provides that a right, obligation, or liability shall survive the expiration or termination of this Agreement. If Purchaser elects to proceed to Closing, then the Purchase Price shall be reduced by the total of any insurance proceeds received by Seller prior to Closing and any deductible payable under such policy and at Closing, Seller shall assign to Purchaser all rights of Seller in and to any insurance proceeds not yet received by Seller and payable thereafter by reason on the casualty to the extent same are not prorated pursuant to the express terms of this Agreement (e.g. proceeds awards for lost rent). Notwithstanding anything herein to the contrary, in the event the cost of repair for the damage or destruction is less than fifteen percent (15%) of the Purchase Price, the Purchaser is obligated to close and shall receive an assignment of Seller's insurance proceeds for said cost of repair. If any insurance proceeds paid or payable on account of a fire or other casualty are to be assigned to Purchaser in accordance with the provisions of this Agreement, Seller shall cooperate as reasonably requested by Purchaser to effectuate such assignment (including, if necessary, prosecuting claims in Purchaser's name or for Purchaser's benefit at the cost of Purchaser), and Seller's obligation to so cooperate shall survive the Closing.

13.2 If the whole or any part of the Property or any interest in the Property is taken by condemnation or right or eminent domain prior to Closing or a taking or condemnation or proceeding in lieu thereof is commenced or threatened in writing, then at Purchaser's option this Agreement shall terminate, in which case the Deposit shall be returned to Purchaser and neither party shall have any further rights or obligations hereunder except where this Agreement specifically provides that a right, obligation, or liability shall survive the expiration or termination of this Agreement. If Purchaser elects not to terminate this Agreement, the transactions contemplated by this Agreement shall be closed in accordance with the terms of this Agreement notwithstanding any such taking, but at Closing Seller shall assign to Purchaser all of Seller's rights to collect any awards which may be payable as a result of, or to recover against others for, such taking, or if Seller has been paid any awards prior to Closing Seller shall pay all of such awards to Purchaser. Purchaser shall be deemed to have elected to terminate this Agreement under Section 13.2 unless, within ten (10) Business Days from written notice to Purchaser of the condemnation, Purchaser provides Seller with written notice that Purchaser elects to proceed. If the Closing Date would otherwise occur sooner, it shall automatically be extended to the date that is fifteen (15) Business Days after written notice to Purchaser of the taking.

14. NO ASSUMPTION

Other than the rights and obligations expressly assumed by Purchaser pursuant to the terms of this Agreement, Purchaser is not and is not to be deemed to be, a successor of any Seller, it being understood that Purchaser is acquiring only the Property; and it is expressly understood and agreed that, except as may otherwise be expressly agreed to by Purchaser elsewhere in this Agreement and in the documents delivered at Closing and except with respect to the Property, Purchaser has not and does not hereby assume or agree to assume any liability whatsoever of Seller, including but not limited to any obligations to (or regarding the employment of) any individuals previously or currently employed by Seller in the management, ownership or operation of the Property.

15. NOTICES

15.1 Any notice, request, demand, instruction or other communication to be given to either party hereunder, except those required to be delivered at Closing, shall be in writing and sent by email (with confirmation or acknowledgment of receipt by the designated recipient (which confirmation or acknowledgment may be indicated by a response to the email transmission)) and by prepaid national overnight courier, and shall be deemed to be delivered (a) in the case of email, upon such confirmation of receipt and (b) in the case of a physical delivery, upon delivery thereof or inability to deliver same because of an invalid address and shall be addressed as follows:

If to Purchaser:

ProKidney
3929 Westpoint Blvd, Suite G Winston Salem, NC
27103 Attn: Timothy Lutz 336.748.6240
Email: tim.lutz@prokidney.com

With a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. 555 12th Street NW
Washington, DC 20004
Attn: Matthew T. Simpson, Esq. 202.434.7436
Email: mtsimpson@mintz.com

If to Seller: c/o Samet Corporation

309 Gallimore Dairy Road, Suite 102
Greensboro, NC 27409
Attention: Josh Drye, Development Manager Email:
jdrye@sametcorp.com

c/o Collett
1111 Metropolitan Avenue #700 Charlotte, North
Carolina 28204 Attention: Michael E. Robbe Email:
mrobbe@colletre.com

With copy to: Brian T. Pearce

Nexsen Pruet, LLC
800 Green Valley Road, Suite 500 Greensboro, North
Carolina 27408 Email: BPearce@nexsenpruet.com

16. TAX-FREE EXCHANGE

16.1 Seller and Purchaser acknowledge that the other party may elect to exchange other property of like kind and qualifying use within the meaning of section 1031 of the Internal Revenue Code of 1986 (the "Code"), as amended, and the regulations promulgated thereunder, for fee title in the Property. Seller and Purchaser expressly reserve the right to assign their rights but not their obligations hereunder to a Qualified Intermediary as provided in Code regulation 1.1031(k)-1(g)(4) on or before Closing. Seller and Purchaser agree to cooperate with the other party and to take any reasonable actions requested by such party, at no cost or expense to the non-requesting party, to cause such an exchange to be consummated and to qualify as a like-kind exchange under section 1031 of the Code, including, without limitation, permitting this Agreement to be assigned to a Qualified Intermediary without the release of the exchanging party. Notwithstanding anything to the contrary contained herein, in no event shall any matter relating to the like-kind exchange under section 1031, including Seller's inability to obtain any benefits of a tax- deferred exchange, relieve the Seller of any of its obligations under this Agreement.

17. ENTIRE AGREEMENT

This Agreement and the exhibits attached hereto contain the entire agreement between the parties. No modification or amendment of this Agreement shall be of any force or effect unless made in writing and executed by Purchaser and Seller. IN THE EVENT THAT LITIGATION ARISES HEREUNDER IT IS SPECIFICALLY STIPULATED THAT THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF NORTH CAROLINA. Further, the prevailing party in litigation between the parties shall be entitled to recover, as a part of its judgment, reasonable attorneys' fees, costs and expenses.

18. MISCELLANEOUS

18.1 This Agreement may be executed in any number of counterparts (including, without limitation, electronic (e.g., PDF counterparts) or Docusign, which together shall constitute the agreement of the parties. The article headings herein contained are for purposes of identification only and shall not be considered in construing this Agreement.

18.2 This Agreement, and the rights and obligations hereunder, may be assigned by Purchaser at any time to any entity affiliated with Purchaser and of which Purchaser or the principal of Purchaser is in direct control; provided, however, any agreements, waivers or consents made or given by Purchaser under this Agreement shall be binding upon any such assignee, and such assignee shall assume Purchaser's obligations hereunder. In the event of any such assignment, Seller agrees to close the transaction contemplated hereunder with the assignee of Purchaser.

18.3 Whenever any determination is to be made or action is to be taken on a date specified in this Agreement, if such date shall fall on Saturday, Sunday or legal holiday under the laws of the State of North Carolina, then in such event said date shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

18.4 This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, personal representative, successors and assigns whenever the context so requires or admits.

18.5 The parties' relationship is an ordinary commercial relationship of buyer and seller of real property, and the parties do not intend to create the relationship of principal and agent, partnership, joint venture or any other special relationship.

18.6 All parties hereto acknowledge that they have had the benefit of independent counsel with regard to this Agreement and that this Agreement has been prepared as a result of the joint efforts of all parties and their respective counsel. Accordingly, all parties agree that the provisions of this Agreement shall not be construed or interpreted for or against any party hereto based upon authorship.

18.7 In the event that any paragraph or portion of the Agreement is determined to be unconstitutional, unenforceable or invalid, such paragraph or portion of this Agreement shall be stricken from and construed for all purposes not to constitute a part of this Agreement, and the remaining portion of this Agreement shall remain in full force and effect and shall, for all purposes, constitute this entire Agreement.

18.8 No Implied Agreement. Each of Purchaser and Seller affirmatively consents and agrees as follows: (1) each party's electronic signature and/or initials on the Agreement or the exhibits to the Agreement using DocuSign or a similar electronic document execution platform have the same effect as if such party signed or initialed manually in ink, and (2) no correspondence, course of dealing or submission of drafts or final versions of this Agreement between Seller and Purchaser shall be deemed to create any binding obligations in connection with the transaction contemplated hereby, and no contract or obligation on the part of Seller or Purchaser shall arise unless and until this Agreement is fully executed by both Seller and Purchaser. Once executed and delivered by Seller and Purchaser, this Agreement shall be binding upon them notwithstanding the failure of Title Company or any broker or other Person to execute this Agreement.

18.9 Right of First Offer. Seller hereby covenants and agrees that for so long as Seller or any entity affiliated with or under common control with Seller (together, the "Seller Parties") owns the property known as 7902 Indlea Point, Greensboro, North Carolina, more specifically described in Exhibit D ("7902 Property"), Purchaser shall have a "Right of First Offer" to purchase the 7902 Property. In this regard, prior to the transfer of the 7902 Property or any portion thereof to any third party (or offering the 7902 Property or any portion thereof for sale or transfer to any third party), Seller shall first provide written notice (the "Offer Notice") to Purchaser that a Seller Party intends to offer the 7902 Property for transfer or sale. Purchaser shall have fifteen (15) days from receipt of the Offer Notice to deliver a written offer (the "First Offer") to Seller or the applicable Seller Party to purchase the 7902 Property, which First Offer shall include: (i) the price; (ii) other material economic terms and conditions; and (iii) a copy of the proposed purchase agreement, which shall be substantially in the form of this Agreement. Seller shall have fifteen (15) days from receipt of the First Offer to accept or reject the First Offer (or to cause the applicable Seller Party to do so). If Seller or the applicable Seller Party rejects the First Offer, Seller may sell the Property to any third party; provided that the purchase price is not less than ninety percent (90%) of the price set forth in the First Offer. If a Seller Party intends to accept an offer which has a purchase price that is less than ninety percent (90%) of the First Offer (a "Third Party Offer"), Seller shall deliver notice of such Third Party Offer to Purchaser and Purchaser shall have ten (10) business days to provide Seller with notice that Purchaser will purchase the 7902 Property on the terms of the First Offer. If Purchaser does not wish to purchase the 7902 Property pursuant to the terms of the First Offer within ten (10) business days of receiving the Third Party Offer, then Purchaser shall be deemed to have waived its

right to purchase the 7902 Property at the price set forth in the First Offer, and any Seller Party may sell the 7902 Property to such third party. The provisions of this Section shall survive the Closing.

18.10Confidentiality. Seller and Seller's Broker agree that without the prior written approval of Purchaser, neither of them shall issue any press release, advertisement, internet posting or other similar announcement, statement or disclosure of this Agreement or the transactions contemplated hereby, whether before or after the Closing, except to the extent otherwise required by law. The provisions of this Section shall survive the Closing or termination of this Agreement.

18.11Exclusivity. In consideration of the significant time and expense to be devoted by Purchaser to its potential acquisition of the Property, Seller agrees that, during the term of this Agreement, it will negotiate exclusively with Purchaser concerning a potential sale of the Property, it will not market the Property for sale or allow other potential purchasers to inspect or tour the Property, and it has not and will not enter into any agreement to sell the Property to any party other than Purchaser. Notwithstanding anything to the contrary in this Agreement, and in addition to the other rights and remedies of Purchaser set forth in this Agreement, if Seller breaches its obligations under this Section, Purchaser shall have the right to damages, and at Purchaser's election, injunctive or other equitable relief.

18.12Effective Date. The Effective Date of this Agreement shall be the date on which the Agreement has been executed by both the Purchaser and Seller.

18.13The following Exhibits have been attached to this Agreement and incorporated herein by reference:

Exhibit A—Property Description Exhibit B—Service
Contracts Exhibit C—Form of Deed
Exhibit D—Description of 7902 Property Exhibit E—
Intentionally Omitted
Exhibit F—Form of Bill of Sale, Blanket Conveyance and Assignment Exhibit G—Intentionally
Omitted
Exhibit H—Form of Updated Representation Certificate Exhibit I—Intentionally
Omitted
Exhibit J—List of Personal Property Exhibit K—List of
Warranties

EXECUTED by Purchaser on 3/29/2023 | 5:3. 5:23 AM PDT

PURCHASER:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: /s/ Deepak Jain
Name: Deepak Jain
Title: COO

EXECUTED by Seller on _3/27/2023 | 11:32:01 AM PDT

SELLER:

73 BCI 2 LLC
a North Carolina limited liability company

By: /s/ Arthur Samet
Name: Arthur Samet
Title: Manager

Limited Joinder by Seller's Broker

Seller's Broker is executing this Agreement below solely to confirm its agreement to comply with the terms of Section 18.10 above.

SAMET PROPERTIES, LLC:

By: /s/ Josh Drye

Name: Josh Drye

Title: Broker and development manager

The undersigned hereby accepts this Purchase and Sale Agreement and agrees to perform the functions of Title Company hereunder.

TITLE COMPANY:

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

By: /s/ Jay Hedgpeth
Name: Jay Hedgpeth
Title: Vice President

Title Company contact information:

Old Republic National Title Insurance Company 102 West Third Street,
Suite 500
Winston-Salem, NC 27101 Attention: Jay Hedgpeth

Email: JHedgpeth@OldRepublicTitle.com Phone: (336) 631-8004

**EXHIBIT A PROPERTY
DESCRIPTION**

BEING ALL OF LOT 2B as shown on that certain plat entitled "FINAL PLAT of LOTS 2A & 2B FOR GREENLEA 68 SITE"
recorded in Plat Book 208, Page 70 of the Guilford County Registry.

**EXHIBIT B SERVICE
CONTRACTS**

NONE

EXHIBIT C

SPECIAL WARRANTY DEED

Excise Tax \$

Tax Lot No.: _____ Parcel Identifier No. _____
Verified by _____ County on the _____ day of _____, 20____
by _____

Mail after recording to: _____

This instrument was prepared by: _____

Brief Description for the index

THIS DEED made as of _____ 20____, by and between

GRANTOR

GRANTEE

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in _____ Township, City of _____, _____ County, North Carolina and more particularly described as follows:

That certain parcel of real property more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property").

The Property hereinabove described was acquired by Grantor by instrument recorded in Book _____ at Page _____, _____ County Registry.

All or a portion of the Property herein conveyed does not include the primary residence of Grantor.

TO HAVE AND TO HOLD the Property and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the matters set forth on Exhibit B.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed by its authorized signatory on the day indicated in the notary block below, to be effective as of the date first above written.

, a

By: Name: Title:

SEAL-STAMP

State of North Carolina

County of

I certify that the following person personally appeared before me this day, acknowledging to me that s/he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:
. (Print Name and Title)

Date: , 20

Print/Typed Name:
Notary Public My commission expires:

[Notarial Seal]

Exhibit A to Special Warranty Deed

BEING ALL OF LOT 2B as shown on that certain plat entitled "FINAL PLAT of LOTS 2A & 2B FOR GREENLEA 68 SITE" recorded in Plat Book 208, Page 70 of the Guilford County Registry.

Exhibit B to Special Warranty Deed

[Permitted Exceptions to be included]

EXHIBIT D DESCRIPTION OF 7902

PROPERTY

BEING ALL OF LOT 2A as shown on that certain plat entitled "FINAL PLAT of LOTS 2A & 2B FOR GREENLEA 68 SITE" recorded in Plat Book 208, Page 70 of the Guilford County Registry.

D-1

EXHIBIT E

FORM OF NOTICE OF RIGHT OF FIRST OFFER

Prepared by and return to:

STATE OF NORTH CAROLINA)

)

COUNTY OF GUILFORD)

ABOVE SPACE FOR RECORDER'S USE

NOTICE OF RIGHT OF FIRST OFFER

THIS NOTICE OF RIGHT OF FIRST OFFER is made as of this _ day of _, 2023 (this "Notice") by and between **ProKidney Corp.**, a Cayman Islands exempted company authorized to do business in North Carolina ("Purchaser") and **73 BCI 2 LLC**, a North Carolina limited liability company ("Seller").

RECITALS

- A. Pursuant to a certain Purchase and Sale Agreement dated [] by and between Purchaser and Seller (the "Purchase and Sale Agreement"), Seller granted to Purchaser a right of first offer (the "Right of First Offer") on the property known as 7902 Indlea Point, Greensboro, North Carolina, more specifically described in Exhibit A attached hereto ("7902 Property").
- B. Seller and Purchaser wish to give actual and constructive notice of the Right of First Offer.

NOTICE AND AGREEMENT

- 1. So long as Seller or any entity affiliated with or under common control with Seller (together, the "Seller Parties") owns the 7902 Property, Purchaser shall have a right of first offer to purchase the 7902 Property on the terms and conditions set forth in the Purchase and Sale Agreement.
- 2. All capitalized terms not otherwise defined in this Notice shall have the meaning given to them in the Purchase and Sale Agreement.
- 3. This Notice may be executed in multiple counter parts, each of which constitute an original hereof.

above.

E-1

IN WITNESS HEREOF, Seller and Purchaser have executed this Notice as of the date set forth
[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE TO NOTICE OF RIGHT OF FIRST OFFER

SELLER:

73 BCI 2 LLC

a North Carolina limited liability company

By: Name: Title:

STATE OF

COUNTY OF

I, , a Notary Public of the County and State aforesaid, certify that
, whose identity has been proven by satisfactory evidence, said evidence being:

I have personal knowledge of the identity of the principal(s)

I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's
photograph in the form of a

A credible witness has sworn to the identity of the principal(s).

who is the of **73 BCI 2 LLC**, personally appeared before me this day and acknowledged that (s)he is of **73
BCI 2 LLC** and that as being duly authorized to do so, voluntarily executed the foregoing instrument on behalf of said company for
the purposes stated therein.

WITNESS my hand and notarial seal this the day of , 2023.

[Affix Seal]

E-3

Notary Public

My Commission Expires:

E-4

SIGNATURE PAGE TO NOTICE OF RIGHT OF FIRST OFFER

Purchaser:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: Name: Title:

STATE OF

COUNTY OF

I, _____, a Notary Public of the County and State aforesaid, certify that _____, whose identity has been proven by satisfactory evidence, said evidence being:

I have personal knowledge of the identity of the principal(s)

I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a

A credible witness has sworn to the identity of the principal(s).

who is the _____ of **PROKIDNEY CORP.**, personally appeared before me this day and acknowledged that (s)he is _____ of **PROKIDNEY CORP.** and that as _____ being duly authorized to do so, voluntarily executed the foregoing instrument on behalf of said company for the purposes stated therein.

WITNESS my hand and notarial seal this the _____ day of _____, 2023.

[Affix Seal]

E-6

Notary Public

My Commission Expires:

E-7

Exhibit A to Notice of Right of First Offer

BEING ALL OF LOT 2A as shown on that certain plat entitled "FINAL PLAT of LOTS 2A & 2B FOR GREENLEA 68 SITE" recorded in Plat Book 208, Page 70 of the Guilford County Registry.

EXHIBIT F

BILL OF SALE, BLANKET CONVEYANCE AND ASSIGNMENT

This Bill of Sale, Blanket Conveyance and Assignment (this "Assignment") is executed by
, a ("Assignor") to and for the benefit of
, a ("Assignee").

RECITALS

WHEREAS, concurrently herewith Assignor is conveying to Assignee by Special Warranty Deed of even date herewith that certain real property (the "Property") more particularly described on Exhibit A attached hereto and incorporated herein for all purposes; and

WHEREAS, in connection with the conveyance of the Property, Assignor intends to sell, assign and convey unto Assignee the Assigned Properties (defined below).

NOW, THEREFORE, in consideration of the foregoing and Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged and confessed by Assignor, Assignor and Assignee hereby act and agree as follows:

1. **Conveyance**. Assignor does hereby **ASSIGN, TRANSFER, CONVEY, SET OVER** and **DELIVER** to Assignee, its successors and assigns, the following properties (collectively, the "Assigned Properties"):

(a) Any and all personal property, equipment, appliances, furniture, furnishings, building materials, improvements, and other personalty of whatever kind or character owned by Assignor, lying and being situated at, incidental to, appurtenant to, or associated or used in connection with the ownership, use, operation, repair and maintenance of the Property, including all fixtures and other property affixed thereto, including without limitation, all heating, air conditioning, plumbing, lighting, communications, elevators and kitchen, medical, dental or rehabilitation fixtures, all gas and electric fixtures, appliances and wiring, engines, boilers, elevators, escalators, incinerators, motors, dynamos, heating and air conditioning equipment, sinks, water closets, basins, pipes, electrical systems, faucets, fire prevention and extinguishing apparatus, central music and public address systems, burglar alarms, security systems and equipment, and other furnishings and decor equipment, spare parts, materials, and supplies for the ownership, use, operation, maintenance, and repair of the Property or the personal property referred to herein or both, tools, supplies, and all other personal property owned by Assignor which is located on or is used in connection with the ownership, use, operation, maintenance, or repair of the Property or the personal property referred to herein or both whether tangible or intangible, paving, curbing, trees, shrubs, plants and other improvements and landscaping of every kind and nature (collectively, the "Personalty").

(b) Rights in and to trade names and all good will, if any, all certificates, franchises, trademarks, symbols, service marks, books, records, plans, specifications, designs, drawings, licenses, business licenses, state health department licenses, licenses to conduct business, certificates of need and all other permits, licenses, approvals, authorizations and rights obtained from any governmental, quasi-governmental or private person or entity whatsoever concerning ownership, operation, use or occupancy of the Property, if any and to the extent they are assignable, and all leasing records, leasing applications, tenant credit reports and maintenance and operating records, keys and telephone exchange numbers, if any and to the extent they are assignable.

(c) To the extent assignable, all of Assignor's rights in and to (i) all licenses, permits, approvals and similar documents relating to the Property, (ii) all plans, drawings, specifications, surveys, engineering reports, and other technical descriptions relating to the Property, (iii) all warranties and guaranties (express or implied) issued in connection with or arising out of (a) the purchase or repair of all fixtures, fittings, appliances, apparatus, equipment, machinery and other personal property owned by Assignor, if any, and affixed or attached to or placed or situated upon, or used or acquired in connection with the Property, or (b) the construction, alteration, maintenance and repair of any of the improvements located on the Property, and (iv) all other property (real, personal or mixed), owned or held by Assignor which relate to the design, construction, use, leasing, maintenance, service or operation of the Property or Personalty.

The foregoing assignment is made on an "as is, where is, with all faults" basis, and without representation or warranty of any kind by Seller, express or implied. Assignor shall not be deemed in any event to be a warrantor, guarantor, or surety for the obligations of any maker of any warranties or guarantees assigned hereunder.

2. Counterparts; Governing Law; Successors and Assigns; Authority. This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument. This Assignment shall be construed and enforced in accordance with and governed by the internal laws of the State of North Carolina. This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns. Each of Assignor and Assignee represents and warrants to the other that it is fully empowered and authorized to execute and deliver this Assignment, and the individuals signing this Assignment each represent and warrant that he or she is fully empowered and authorized to do so.

3. Further Assurances. The parties agree to take all such further actions and execute, acknowledge and deliver all such further documents that are reasonably necessary or useful in carrying out the purposes of this Assignment.

[The balance of this page is intentionally left blank]

IN WITNESS WHEREOF, this Assignment is executed as of this day of
, 2023.

ASSIGNOR:

By: Name: Title: Date:

ASSIGNEE:

By: Name: Title: Date:

EXHIBIT A
(to Bill of Sale) Property Description

F-5

EXHIBIT H

UPDATED REPRESENTATION CERTIFICATE

The undersigned, as Seller under a Real Estate Purchase and Sale Agreement ("Purchase Agreement") dated as of , 2023 between ("Seller") and

("Purchaser"), does hereby certify to Purchaser that the representations and warranties set forth in Section 4.1 of the Purchase Agreement are hereby reaffirmed as of the date hereof [except as provided on Schedule A attached hereto].

Seller's liability hereunder shall be subject to the limitations set forth in the Purchase Agreement. Dated as of this __day of , 2023.

SELLER

[]

By: Name:
Title:

EXHIBIT J

LIST OF PERSONAL PROPERTY

NONE.

EXHIBIT K

LIST OF WARRANTIES

| Category | Company |
|----------------------|---------------------------------|
| Workmanship Warranty | Ace/Avant Concrete |
| Workmanship Warranty | Allied Roofing Co., Inc. |
| Manufacture Warranty | Allied Roofing Co., Inc. |
| Special Warranty | Allied Roofing Co., Inc. |
| Workmanship Warranty | American Building Services, Inc |
| Workmanship Warranty | Bryant-Durham Electric Co., Inc |
| Workmanship Warranty | Central Access LLC |
| Workmanship Warranty | CNC Door Company |
| Manufacture Warranty | CNC Door Company |
| Workmanship Warranty | Davidson Steel Services |
| Workmanship Warranty | Division Eight, Inc. |
| Workmanship Warranty | DLM Sales, Inc. d/b/a |
| Manufacture Warranty | DLM Sales, Inc. d/b/a |
| Special Warranty | DLM Sales, Inc. d/b/a |
| Workmanship Warranty | Gilgeours Construction Corp |
| Workmanship Warranty | North Star Painting Co. |
| Workmanship Warranty | Pfaff's Inc. |
| Manufacture Warranty | Pfaff's Inc. |
| Workmanship Warranty | Procon Inc |
| Workmanship Warranty | Quality Drywall & Acoustical |
| Workmanship Warranty | Samet Corporation |
| Workmanship Warranty | Sentry Fire Protection Co, Inc |
| Manufacture Warranty | Sentry Fire Protection Co, Inc |
| Workmanship Warranty | Smith & Jennings, Inc. |
| Manufacture Warranty | Smith & Jennings, Inc. |
| Workmanship Warranty | Staniel Key Inc |
| Special Warranty | Staniel Key Inc |
| Workmanship Warranty | Steve Tate & Son Plumbing Inc |
| Workmanship Warranty | Systems Contractors, Inc |
| Workmanship Warranty | Ruston Paving Company, Inc. |

AMENDMENT TO PURCHASE AND SALE AGREEMENT

This AMENDMENT TO PURCHASE AND SALE AGREEMENT (this “**Amendment**”) is made effective as of May 26, 2023 (the “**Amendment Effective Date**”), by and between between **ProKidney Corp.**, a Cayman Islands exempted company (“**Purchaser**”) and **73 BCI 2 LLC**, a North Carolina limited liability company (“**Seller**”). (Seller and Purchaser are hereinafter jointly referred to as the “**Parties.**”)

RECITALS

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement effective as of March 29, 2023 (the “**Original Agreement**”) for the purchase and sale of certain real property located at and commonly known 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016, as more particularly described in the Agreement; and

WHEREAS, Seller and Purchaser desire to amend the Agreement as more particularly set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. **Recitals; Defined Terms; Construction.** The above stated recitals are true and correct and are incorporated herein by this reference in their entirety. Capitalized terms which are not defined in this Amendment shall have the same meaning as defined in the Original Agreement. This Amendment shall be deemed a part of and shall take precedence over and supersede any provisions to the contrary contained in, the Original Agreement. Except as expressly modified by this Amendment, all of the provisions of the Original Agreement that are not in conflict with the terms of this Amendment shall remain in full force and effect. All references to “Agreement” in the Original Agreement and in this Amendment shall be deemed to refer to the Original Agreement as amended by this Amendment.

2. **Incentives Period Extension.** Notwithstanding anything to the contrary contained in the Original Agreement, the Incentives Period shall end on June 15, 2023.

3. **Closing Date.** Notwithstanding anything to the contrary contained in the Original Agreement, the Closing shall take place on or before June 30, 2023.

4. **Ratification.** The remaining terms and provisions of the Original Agreement are ratified and confirmed by the Parties and are incorporated into this Amendment by reference as if set forth fully herein. This Amendment, together with the Original Agreement, constitutes the entire understanding of the Parties with regard to the subject matter hereof and as so amended supersedes all prior or contemporaneous discussions, representations, promises, inducements and understandings with respect to the subject matter hereof.

5. **Authority.** Each of Purchaser and Seller hereby represents and warrants to the other that (i) the representing party has authority to enter into this Amendment and (ii) the terms, covenants and obligations contained herein are binding upon and enforceable against the representing party.

6. **Execution of Amendment.** This Amendment may be executed in any number of counterparts and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts put together shall constitute one and the same Amendment. This Amendment may be executed by signatures exchanged between the parties by DocuSign, email “pdf”, or other electronic

means, and such DocuSign, email “pdf”, or other electronic signatures shall be deemed to constitute fully effective signatures.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

[SIGNATURE PAGE TO AMENDMENT TO PURCHASE AND SALE AGREEMENT] PURCHASER:
PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: /s/ Deepak Jain
Name: Deepak Jain
Title: COO

SELLER:

73 BCI 2 LLC
a North Carolina limited liability company

By: /s/ Arthur Samet
Name: Arthur Samet
Title: Manager

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

This SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT (this “**Amendment**”) is made effective as of June 9, 2023 (the “**Second Amendment Effective Date**”), by and between between **ProKidney Corp.**, a Cayman Islands exempted company (“**Purchaser**”) and **73 BCI 2 LLC**, a North Carolina limited liability company (“**Seller**”). (Seller and Purchaser are hereinafter jointly referred to as the “**Parties.**”)

RECITALS

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement effective as of March 29, 2023 (the “**March 29 Agreement**”), as amended by that certain Amendment to Purchase and Sale Agreement dated May 26, 2023 (together, the “**Original Agreement**”) for the purchase and sale of certain real property located at and commonly known 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016, as more particularly described in the Agreement; and

WHEREAS, Seller and Purchaser desire to amend the Agreement as more particularly set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. **Recitals; Defined Terms; Construction.** The above stated recitals are true and correct and are incorporated herein by this reference in their entirety. Capitalized terms which are not defined in this Amendment shall have the same meaning as defined in the Original Agreement. This Amendment shall be deemed a part of and shall take precedence over and supersede any provisions to the contrary contained in, the Original Agreement. Except as expressly modified by this Amendment, all of the provisions of the Original Agreement that are not in conflict with the terms of this Amendment shall remain in full force and effect. All references to “Agreement” in the Original Agreement and in this Amendment shall be deemed to refer to the Original Agreement as amended by this Amendment.

2. **Purchase Price Adjustment.** Section 2.1 of the March 29 Agreement is hereby amended by striking the text “TWENTY-FIVE MILLION, SEVEN HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$25,750,000.00)” and inserting in its place the text “TWENTY-FIVE MILLION, FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$25,500,000.00)”.

3. **Ratification.** The remaining terms and provisions of the Original Agreement are ratified and confirmed by the Parties and are incorporated into this Amendment by reference as if set forth fully herein. This Amendment, together with the Original Agreement, constitutes the entire understanding of the Parties with regard to the subject matter hereof and as so amended supersedes all prior or contemporaneous discussions, representations, promises, inducements and understandings with respect to the subject matter hereof.

4. **Authority.** Each of Purchaser and Seller hereby represents and warrants to the other that (i) the representing party has authority to enter into this Amendment and (ii) the terms, covenants and obligations contained herein are binding upon and enforceable against the representing party.

5. **Execution of Amendment.** This Amendment may be executed in any number of counterparts and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts put together shall constitute one and the same Amendment. This Amendment may be executed by signatures exchanged between the parties by DocuSign, email “pdf”, or other electronic

means, and such DocuSign, email “pdf”, or other electronic signatures shall be deemed to constitute fully effective signatures.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

[SIGNATURE PAGE TO SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT] PURCHASER:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: /s/ Deepak Jain
Name: Deepak Jain
Title: COO

SELLER:

73 BCI 2 LLC
a North Carolina limited liability company

By: /s/ Arthur Samet
Name: Arthur Samet
Title: Manager

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

This THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (this “**Amendment**”) is made effective as of June 15, 2023 (the “**Third Amendment Effective Date**”), by and between between **ProKidney Corp.**, a Cayman Islands exempted company (“**Purchaser**”) and **73 BCI 2 LLC**, a North Carolina limited liability company (“**Seller**”). (Seller and Purchaser are hereinafter jointly referred to as the “**Parties.**”)

RECITALS

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement effective as of March 29, 2023 (the “**March 29 Agreement**”), as amended by that certain Amendment to Purchase and Sale Agreement dated May 26, 2023 and that certain Second Amendment to Purchase and Sale Agreement dated June 9, 2023 (together, the “**Original Agreement**”) for the purchase and sale of certain real property located at and commonly known 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016, as more particularly described in the Agreement; and

WHEREAS, Seller and Purchaser desire to amend the Agreement as more particularly set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. **Recitals; Defined Terms; Construction.** The above stated recitals are true and correct and are incorporated herein by this reference in their entirety. Capitalized terms which are not defined in this Amendment shall have the same meaning as defined in the Original Agreement. This Amendment shall be deemed a part of and shall take precedence over and supersede any provisions to the contrary contained in the Original Agreement. Except as expressly modified by this Amendment, all of the provisions of the Original Agreement that are not in conflict with the terms of this Amendment shall remain in full force and effect. All references to “Agreement” in the Original Agreement and in this Amendment shall be deemed to refer to the Original Agreement as amended by this Amendment.

2. Closing Deliveries.

- a. Section 6(a)(ix) of the March 29 Agreement is deleted in its entirety and replaced with the following text:
 - “(ix) (a) An NCLTA Form 5 Owner Affidavit and Indemnity Agreement, and
 - (b) an NCLTA Form 6 Waiver and Release of Liens from Samet Corporation with respect to each Notice to Lien Agent filed by Samet Corporation.”
 - b. Section 6(a) of the March 29 Agreement is amended by adding a new subsection (xvii) which reads:
 - “(xvii) an executed Warranty in the form attached to the Third Amendment to Purchase and Sale Agreement as Exhibit L.”
 - c. Section 6(a) of the March 29 Agreement is amended by adding a new subsection (xviii) which reads:
 - “(xviii) If, as of the Closing Date, the City of Greensboro has not confirmed that the initial development requirements of the Operation and Maintenance Agreement dated February 17, 2021 have been satisfied and that no further
-

earthmoving or landscaping is required as a condition to issuance of a permanent certificate of occupancy for the Property, an executed Holdback Escrow Agreement in the form attached to the Third Amendment to Purchase and Sale Agreement as Exhibit M, subject to any modifications required by the Escrow Agent and mutually acceptable to the Parties in the exercise of their reasonable discretion.”

d. Exhibit F to the March 29 Agreement is hereby replaced in its entirety by the Exhibit F attached hereto.

3. **Incentives Period Notice and Closing Date.** Upon the full execution and delivery of this Amendment, the Incentives Period Notice shall be deemed to have been timely given, and Purchaser shall have no remaining right to issue the Incentives Termination Notice. The Closing Date shall be June 30, 2023.

4. **Ratification.** The remaining terms and provisions of the Original Agreement are ratified and confirmed by the Parties and are incorporated into this Amendment by reference as if set forth fully herein. This Amendment, together with the Original Agreement, constitutes the entire understanding of the Parties with regard to the subject matter hereof and as so amended supersedes all prior or contemporaneous discussions, representations, promises, inducements and understandings with respect to the subject matter hereof.

5. **Authority.** Each of Purchaser and Seller hereby represents and warrants to the other that: (i) the representing party has authority to enter into this Amendment and (ii) the terms, covenants and obligations contained herein are binding upon and enforceable against the representing party. The Closing Date shall be

6. **Execution of Amendment.** This Amendment may be executed in any number of counterparts and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts put together shall constitute one and the same Amendment. This Amendment may be executed by signatures exchanged between the parties by DocuSign, email “pdf”, or other electronic means, and such DocuSign, email “pdf”, or other electronic signatures shall be deemed to constitute fully effective signatures.

7. **Drafts Not Binding.** Notwithstanding anything to the contrary contained herein or otherwise discussed among the Parties, the submission of drafts of this Amendment to shall not constitute an offer nor an agreement by either party with respect to the matters described herein. Neither party shall be bound hereto until this document shall have been fully executed and delivered.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

PURCHASER:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: /s/ Deepak Jain
Name: Deepak Jain
Title: COO

SELLER:

73 BCI 2 LLC

a North Carolina limited liability company

By: /s/ Arthur Samet

Name: Arthur Samet

Title: Manager

**BILL OF SALE, BLANKET CONVEYANCE AND
ASSIGNMENT**

This Bill of Sale, Blanket Conveyance and Assignment (this "Assignment") is executed by 73 BCI 2 LLC, a North Carolina limited liability company ("Assignor") to and for the benefit of PROKIDNEY CORP., a Cayman Islands exempted corporation ("Assignee").

RECITALS

WHEREAS, concurrently herewith Assignor is conveying to Assignee by Special Warranty Deed of even date herewith that certain real property (the "Property") more particularly described on Exhibit A attached hereto and incorporated herein for all purposes; and

WHEREAS, in connection with the conveyance of the Property, Assignor intends to sell, assign and convey unto Assignee the Assigned Properties (defined below).

NOW, THEREFORE, in consideration of the foregoing and Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged and confessed by Assignor, Assignor and Assignee hereby act and agree as follows:

1. **Conveyance**. Assignor does hereby **ASSIGN, TRANSFER, CONVEY, SET OVER** and **DELIVER** to Assignee, its successors and assigns, the following properties (collectively, the "Assigned Properties"):

(a) Any and all personal property, equipment, appliances, furniture, furnishings, building materials, improvements, and other personalty of whatever kind or character owned by Assignor, lying and being situated at, incidental to, appurtenant to, or associated or used in connection with the ownership, use, operation, repair and maintenance of the Property, including all fixtures and other property affixed thereto, including without limitation, all heating, air conditioning, plumbing, lighting, communications, elevators and kitchen, medical, dental or rehabilitation fixtures, all gas and electric fixtures, appliances and wiring, engines, boilers, elevators, escalators, incinerators, motors, dynamos, heating and air conditioning equipment, sinks, water closets, basins, pipes, electrical systems, faucets, fire prevention and extinguishing apparatus, central music and public address systems, burglar alarms, security systems and equipment, and other furnishings and decor equipment, spare parts, materials, and supplies for the ownership, use, operation, maintenance, and repair of the Property or the personal property referred to herein or both, tools, supplies, and all other personal property owned by Assignor which is located on or is used in connection with the ownership, use, operation, maintenance, or repair of the Property or the personal property referred to herein or both whether tangible or intangible, paving, curbing, trees, shrubs, plants and other improvements and landscaping of every kind and nature (collectively, the "Personalty").

(b) Rights in and to trade names and all good will, if any, all certificates, franchises, trademarks, symbols, service marks, books, records, plans, specifications, designs, drawings, licenses, business licenses, state health department licenses, licenses to conduct business, certificates of need and all other permits, licenses, approvals, authorizations and rights obtained from any governmental, quasi- governmental or private person or entity whatsoever concerning ownership, operation, use or occupancy of the Property, if any and to the extent they are assignable, and all leasing records, leasing applications,

tenant credit reports and maintenance and operating records, keys and telephone exchange numbers, if any and to the extent they are assignable.

(c) To the extent assignable, all of Assignor's rights in and to (i) all licenses, permits, approvals and similar documents relating to the Property; (ii) all plans, drawings, specifications, surveys, engineering reports, and other technical descriptions relating to the Property; (iii) all warranties and guaranties (express or implied) issued in connection with or arising out of (a) the purchase or repair of all fixtures, fittings, appliances, apparatus, equipment, machinery and other personal property owned by Assignor, if any, and affixed or attached to or placed or situated upon, or used or acquired in connection with the Property or (b) the construction, alteration, maintenance and repair of any of the improvements located on the Property, including without limitation the warranties listed on Exhibit B attached hereto (to the extent such warranties listed on Exhibit B are assignable); and (iv) all other property (real, personal or mixed), owned or held by Assignor which relate to the design, construction, use, leasing, maintenance, service or operation of the Property or Personality.

The foregoing assignment is made on an "as is, where is, with all faults" basis, and without representation or warranty of any kind by Seller, express or implied. Assignor shall not be deemed in any event to be a warrantor, guarantor, or surety for the obligations of any maker of any warranties or guarantees assigned hereunder.

2. **Counterparts; Governing Law; Successors and Assigns; Authority.** This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument. This Assignment shall be construed and enforced in accordance with and governed by the internal laws of the State of North Carolina. This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns. Each of Assignor and Assignee represents and warrants to the other that it is fully empowered and authorized to execute and deliver this Assignment, and the individuals signing this Assignment each represent and warrant that he or she is fully empowered and authorized to do so.

3. **Further Assurances.** The parties agree to take all such further actions and execute, acknowledge and deliver all such further documents that are reasonably necessary or useful in carrying out the purposes of this Assignment.

[The balance of this page is intentionally left blank]

IN WITNESS WHEREOF, this Assignment is executed as of this day of
, 2023.

ASSIGNOR:

73 BCI 2 LLC,
a North Carolina limited liability company

By: Name: John Collett, Jr.
Title: Manager
Date:

By: Name: Arthur L. Samet
Title: Manager
Date:

ASSIGNEE:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: Name: Title: Date:

EXHIBIT A

(to Bill of Sale, Blanket Conveyance and Assignment) Property
Description

BEING ALL OF LOT 2A as shown on that certain plat entitled "FINAL PLAT of LOTS 2A & 2B FOR GREENLEA 68 SITE"
recorded in Plat Book 208, Page 70 of the Guilford County Registry.

EXHIBIT B

(to Bill of Sale, Blanket Conveyance and Assignment) List of
Warranties

| Product Warranty | Provider/Vendor |
|-------------------------|---------------------------|
| Metal Coil Product | CMP |
| Red Shield TPO | Allied Roofing |
| Membrane Only TPO | Allied Roofing |
| Overhead doors | Haas Door |
| Dock Seals | 4 Front |
| Levelers | 5 Front |
| Awnings | Charlotte Tent and Awning |
| Insulating Glass | Trulite |
| Storefront framing | YKK |
| Fire Pump | Patterson Pump |
| see warranty | Zurn |
| see warranty | Sigma |
| see warranty | American Flow Control |
| Workmanship | Allied Roofing |
| Landscaping | Staniel Key Inc |
| Caulking | Ace Avant |
| Final Cleaning | ABS |
| Electrical Work | Bryant Durham |
| Door Installations | Central Access |

| | |
|--------------------------------------------|----------------------------------|
| OH Doors/Dock Eq Installations | Door Systems ASSA ABLOY |
| Structural Misc Steel | Davidson Steel |
| HM Doors frames hardware | Division Eight |
| Masonry Units workmanship | Gilgeours Construction |
| Painting | North Star Painting |
| Storefront framing/glass work | Pfaffs |
| Concrete work | Procon |
| Metal framing and drywall Stabilization | Quality Drywall Ruston Paving |
| Design Builder/Contractor | Samet |
| Sprinkler system | Sentry Fire Protection |
| Grading and Utilities | Smith and Jennings |
| Domestic Plumbing | Steve Tate and Son Plumbing |
| HVAC | Systems Contractors |

FORM OF WARRANTY

Exclusive One-year Warranty and Remedy

1. **Exclusive Warranty.** For a period of one (1) year following the date on which ProKidney Corp., a Cayman Islands exempted corporation (“ProKidney”) acquires from 73 BCI 2 LLC (“73 BCI 2”), a North Carolina limited liability company, that certain real property located at 7901 Indlea Drive, Greensboro, North Carolina (the “Property”) (such date, the “Effective Date”), Samet Corporation (“Samet”) warrants to ProKidney that the equipment, services and workmanship (the “Work”) provided by Samet, under its contract (the “Contract”) with 73 BCI 2 LLC dated [] for work at the Property will conform to the Plans and Specifications attached hereto as Exhibit A. Any work not conforming to the same may be considered defective (the “Defective Work”). In the event of any conflict between this Exclusive Warranty and any other provision or requirement of the Contract, the terms of this Exclusive Warranty shall control. This Exclusive Warranty excludes, without limitation, any defects in the Work caused, in whole or in part, by any abuse, misuse, modification, improper or insufficient maintenance, improper operation, or normal wear and tear of the Work from and after the Effective Date.

2. **Exclusive Remedy.** For a period of one (1) year following the Effective Date, Samet shall repair or replace the Defective Work. Samet’s obligation to repair or replace the Defective Work provides the sole and exclusive remedy to, and provides the sole and exclusive damages of ProKidney for any cause of action asserted against Samet arising out of or relating to the Work, whether ProKidney seeks to recover from Samet under theories of contract, warranty, tort or any other theory. In no event shall Samet be liable for any special, indirect, incidental, or consequential damages. Notwithstanding anything to the contrary contained herein, the limitations contained herein shall not affect any warranties or guaranties assigned to ProKidney pursuant to that certain Bill of Sale, Blanket Conveyance and Assignment of even date made by 73 BCI 2 LLC.

3. **Claims Deadline.** Any litigation, arbitration or other claims adjudication process by ProKidney against Samet arising out of or related in any way to the Defective Work or Samet’s failure to repair or replace the same, must be initiated by ProKidney within one (1) year after the Effective Date. The parties agree and understand that the requirements stated herein may modify statutes of repose or limitation and agree that the terms stated herein will govern their agreement to the exclusion of such statutes. ProKidney waives all claims against Samet not commenced by filing as set forth above within this one-year period, regardless of when, or whether, ProKidney discovers or provides notice of the Defective Work and regardless of whether said claims are brought for breach of contract, tort, breach of warranty, or otherwise.

IT IS THE MUTUAL INTENT OF PROKIDNEY AND SAMET THAT THE EXCLUSIVE WARRANTY AND EXCLUSIVE REMEDY SET FORTH ABOVE ARE GIVEN BY SAMET IN LIEU OF: (1) ALL OTHER EXPRESS OR IMPLIED WARRANTIES AND REMEDIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND WORKMANLIKE CONSTRUCTION, WHICH ARE HEREBY DISCLAIMED; AND (2) ALL OTHER CONTRACTUAL, EQUITABLE, OR TORT-BASED CAUSES OF ACTION OR REMEDIES WHATSOEVER RELATING TO THE WORK, IT BEING THE EXPRESS INTENT OF THE PARTIES THAT THE OWNER’S SOLE REMEDY WITH RESPECT TO THE WORK IS THIS EXCLUSIVE WARRANTY AND EXCLUSIVE REMEDY.

This the day of June, 2023.

SAMET CORPORATION,
a North Carolina corporation

By: Name: Title:

Exhibit A to Exclusive One-Year Warranty and Remedy

[To be inserted: files (or reference to files) provided by Brian T. Pearce to Adrienne Zahner via Box on June 6, 2023]

EXHIBIT M

FORM OF HOLDBACK ESCROW AGREEMENT

HOLDBACK ESCROW AGREEMENT

This **HOLDBACK ESCROW AGREEMENT** (this “**Agreement**”) is made as of , 2023 (the “**Effective Date**”), by and **ProKidney Corp.**, a Cayman Islands exempted company (“**Purchaser**”) and **73 BCI 2 LLC**, a North Carolina limited liability company (“**Seller**”); and **Old Republic National Title Insurance Company** (“**Escrow Agent**”).

RECITALS:

A. Seller and Purchaser entered into that certain Purchase and Sale Agreement effective as of March 29, 2023 for the purchase and sale of certain real property located at and commonly known 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016, as more particularly described in the Agreement (as amended, the “**Purchase Agreement**”), pursuant to which Purchaser has purchased from Seller, and Seller has sold to Purchaser, the Property as defined in the Purchase Agreement. Capitalized terms used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Purchase Agreement.

B. At Closing, which has occurred simultaneously with the execution of this Agreement on the Effective Date first written above, Seller delivered to Escrow Agent the sum of Fifty Thousand Dollars (\$50,000.00) (together with all interest earned thereon, the “**Escrow Funds**”), which amount the Parties believe to be sufficient to complete the work on the Property the completion of which will permit Seller to deliver the Completion Notice (the “**Work**”).

C. Seller and Purchaser are entering into this Agreement to memorialize the terms by which the Escrow Funds shall be held and disbursed in an escrow (the “**Holdback Escrow**”) by Escrow Agent in accordance with the terms of this Agreement.

D. Escrow Agent is willing to hold and administer the Holdback Escrow in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises, and the mutual covenants and agreements of the parties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Maintenance of Holdback Escrow. The Escrow Agent shall hold the Escrow Funds in escrow, in a federally-insured interest-bearing account, pursuant to the terms and conditions set forth herein. Any interest earned on the Holdback Escrow Funds shall be considered as part of the Escrow Funds. Funds will not be entered into interest-bearing account until Escrow Agent receives required paperwork. In the event Escrow Agent is requested to invest deposits hereunder, Escrow Agent is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment for the purposes of this Escrow Agreement. In case of any suit or proceeding regarding this Escrow Agreement, to which Escrow Agent is or may at any time become a party, it shall have a lien on the Escrow Funds for any and all costs, attorneys’ and solicitors’ fees, whether such attorneys or solicitors shall be regularly retained or specially employed, and any other expenses which it may have incurred or become liable for on account thereof, and it shall be entitled to reimburse itself therefor out of said deposit,

and the undersigned jointly and severally agree to pay said

Escrow Agent upon demand all such costs, fees, and expenses so incurred. By its execution and delivery of this Agreement to Seller and Purchaser, Escrow Agent hereby acknowledges that it has received from Seller cash in the amount of the Escrow Funds. Escrow Agent agrees to and shall hold and disburse the funds in the Holdback Escrow, in escrow, in strict accordance with the terms and conditions set forth in this Agreement.

2. Completion of the Work.

Purchaser agrees to and shall complete the Work, at its sole cost and expense, and deliver the Completion Notice (defined below) no later than October 31, 2023 (the "**Work Completion Date**"), subject to extension for delays to the extent caused by events of Force Majeure (as hereinafter defined). Seller shall provide written notice to Purchaser that an event of Force Majeure has occurred promptly following the commencement of such event, whereupon Seller shall, as soon as reasonably determinable, and to the extent that the end date of any event of Force Majeure is undetermined at the time written notice thereof is provided to Purchaser, provide an additional written notice to Purchaser of the date that the Force Majeure has ended or is anticipated to end. The term "**Force Majeure**" shall mean extreme weather events, inability to procure materials or equipment or reasonable substitutes therefor, fire or other casualty, enemy or hostile government actions, riots, insurrection or other civil commotions, or war or other reason of a like nature not at the fault of the party delayed in performing any act as required under the terms of this Agreement. For the avoidance of doubt, a financial inability to perform is not Force Majeure. As used herein "**Completion Notice**" shall mean written notice from Seller to Purchaser that the Work is complete, accompanied by written confirmation from the City of Greensboro that the initial development requirements of the Operation and Maintenance Agreement dated February 17, 2021 and that no further earthmoving or landscaping is required as a condition to issuance of a permanent certificate of occupancy for the Property and copies of all final invoices and paid receipts therefor. The parties agree that (i) the Escrow Funds represent the maximum amount of money to which Seller will be entitled following completion of the Work, and (ii) that the actual costs for Seller to complete the Work may exceed the Escrow Funds. Seller shall be solely liable and responsible for any and all costs and expenses to complete the Work that are in excess of the Escrow Funds. In no event shall Purchaser be liable to Seller on account of, and Seller shall not be entitled to seek reimbursement from Purchaser for, any costs or expenses to complete the Work. Notwithstanding the foregoing, in the event that Purchaser requests and receives the Escrow Funds, Seller shall be released from the obligation to complete the Work set forth herein.

If, following delivery of a purported Completion Notice from Seller, Purchaser does not agree that the Work has been completed as required hereunder, Purchaser shall provide written notice to Seller (with a copy to Escrow Agent) with respect thereto on or before such date that is five (5) Business Days after receipt of the Completion Notice, whereupon Purchaser and Seller shall engage in good faith efforts to resolve such dispute.

3. Disbursement of the Holdback Escrow. *[Subject to confirmation:* Escrow Agent shall perform its duties and obligations under this Agreement without compensation but as an accommodation to Seller and Purchaser. **OR:** The Seller and the Purchaser shall evenly bear the costs of the Escrow Agent, which are: \$.] *The Escrow Agent shall disburse the Escrow Funds as follows:*

(a) To Seller, within five (5) business days after Escrow Agent's receipt of the Completion Notice on or prior to the Work Completion Date (so long as the Completion Notice was contemporaneously delivered to Purchaser in accordance with Section 6 below), unless Escrow Agent receives a written objection from Purchaser to such disbursement prior to the expiration of such five (5) business day period; or

(b) At any time, upon receipt of written instructions jointly signed by Purchaser and Seller, the Escrow Agent shall disburse the Escrow Funds in accordance with such written instructions.

Any claim by Purchaser or Seller for disbursement of the Escrow Funds pursuant to Sections 3(a) or 3(b) hereof shall be simultaneously transmitted to the Escrow Agent and the other party in accordance with the provisions of Section 6 hereof.

4. Responsibility of Escrow Agent. Escrow Agent, so long as it is acting reasonably and in good faith, (a) shall not be liable for any mistake of fact or error of judgment by it or for any acts or omissions by it of any kind unless caused by willful misconduct or gross negligence, and shall be entitled to rely and shall be protected in doing so, upon (i) any written notice, instrument or signature believed by it to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so and (ii) the advice of counsel (which counsel may be of the Escrow Agent's own choosing), and (b) shall have no responsibility for the identity, authority or rights of any person or entity executing or delivering or purporting to execute or deliver this Escrow Agreement or for the contents of any writing submitted to it hereunder and shall be entitled reasonably and in good faith to rely without any liability upon the contents thereof and may reasonably and in good faith assume that any person purporting to give any such writing in connection with the provisions of this Escrow Agreement has been duly authorized to do so. Buyer and Seller, jointly and severally, agree to indemnify Escrow Agent and hold it harmless from and against any and all losses, liabilities and expenses (including reasonable attorneys' fees and expenses) incurred by the Escrow Agent arising out of or in connection with the performance of its duties hereunder or any dispute between the parties hereto, except those resulting from the Escrow Agent's willful misconduct or gross negligence.

5. Notices. Any notices or demands to be given pursuant to this Escrow Agreement shall be effective: (a) upon receipt, when personally delivered, or (b) upon delivery (or rejection of delivery) when sent by FedEx or other nationally recognized overnight courier, or (c) for notices given by Escrow Agent, by email. Any notice given under this Escrow Agreement shall be copied to all others at the email addresses shown below. Either Seller or Purchaser may add additional addresses or change its address for purposes of receipt of any such communication by giving three (3) days prior written notice of such change to the other party in the manner described in this Section 5.

If to Purchaser:

ProKidney
3929 Westpoint Blvd, Suite G Winston
Salem, NC 27103 Attn: Timothy Lutz
336.748.6240
Email: tim.lutz@prokidney.com

With a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. 555 12th Street
NW
Washington, DC 20004
Attn: Matthew T. Simpson, Esq. 202.434.7436
Email: mtsimpson@mintz.com

With a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. One Financial
Center
Boston, MA 02111
Attn: Adrienne K. Zahner, Esq. 617.348.4707
Email: azahner@mintz.com

If to Seller: c/o Samet Corporation

309 Gallimore Dairy Road, Suite 102
Greensboro, NC 27409
Attention: Josh Drye, Development Manager Email:
jdrye@sametcorp.com

c/o Collett
1111 Metropolitan Avenue #700 Charlotte,
North Carolina 28204 Attention: Michael E.
Robbe Email: mrobbe@collettre.com

With copy to:

Brian T. Pearce Maynard Nexsen PC
800 Green Valley Road, Suite 500 Greensboro,
North Carolina 27408 Email:
BPearce@maynardnexsen.com

To Escrow Agent: Old Republic National Title Insurance Company

360 Memorial Drive, Suite 100 Chrystal Lake, IL
60014
Attn: Karen Shanahan
Email: KShananhan@OldrepublicTitle.com

6. In the event the Escrow Funds held by the Escrow Agent hereunder shall be attached, garnished or levied upon under any court order, or if the delivery of such shall be stayed or enjoined by any court order, or if any court order, judgment or decree shall be made or entered affecting such funds or affecting any act by the Escrow Agent, the Escrow Agent may, in its sole discretion, after giving at least five (5) business days prior written notice to Buyer and Seller, unless required by law to act sooner, obey and comply with all writs, orders, judgments or decrees, and the Escrow Agent shall not be liable to any of the parties hereto or to any other person, firm or corporation, by reason of such compliance, notwithstanding that such writs, orders, judgments or decrees may be subsequently reversed modified, annulled, set aside or vacated.

7. Except in the case where Section 3(a) applies, in the event that there shall be a dispute between Buyer and Seller regarding the disposition of the Escrow Funds, the Escrow Agent shall not disburse the Escrow Funds until the Escrow Agent shall have received a final order of a court of competent jurisdiction, from which no appeal can be timely taken, directing delivery of the Escrow Funds, in which event the Escrow Agent shall disburse the Escrow Funds in accordance with such order. In the event that any payment of the Escrow Funds by the Escrow Agent to be made to or for the benefit of Buyer or Seller shall be disputed by either Seller or Buyer, the Escrow Agent may, without liability of any kind to Seller or Buyer, commence an interpleader (or similar, as applicable) action in a court of

competent jurisdiction or any successor to the jurisdiction thereof and pay the Escrow Funds and deliver any such transactional documents to such court.

8. Except with respect to the indemnity provided in Section 4, which indemnity shall survive the expiration of this Agreement, this Agreement shall expire upon the final disposition of the Escrow Funds pursuant to this Escrow Agreement.

9. The duties and obligations of the Escrow Agent shall only be such as are specifically set forth in this Escrow Agreement, as it may be amended from time to time, and no implied duties or obligations of the Escrow Agent shall be read into this Agreement. Without limiting the generality of the foregoing, the Escrow Agent shall have no duty to ascertain whether Seller has complied with its obligations hereunder.

10. This Escrow Agreement may be executed in counterparts, each of which shall constitute an original Agreement, but together shall constitute the same instrument. Signatures to this Agreement transmitted by electronic means shall be valid and effective to bind the party so signing.

11. This Escrow Agreement may be amended, modified or supplemented but only in a writing signed by the all of the parties.

12. This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns; provided that no assignment of any rights or obligations shall be made by any party without the prior written consent of the other parties. Any attempted assignment of this Agreement not in compliance with this Paragraph 5 shall be null and void ab initio.

13. This Escrow Agreement shall be governed by and construed in accordance with the internal laws of the State of North Carolina without giving effect to the principles of conflicts of law thereof.

14. The failure of any party at any time or times to require performance of any provision of this Escrow Agreement shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Escrow Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, condition, representation or warranty.

15. Severability. If any term, condition or provision of this Agreement, or the application thereof to any circumstance or party hereto, shall ever be held to be invalid or unenforceable, then in each such event the remainder of this Agreement or the application of such term, condition or provision to any other circumstance or party hereto (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each term, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

[Remainder of Page Left Intentionally Blank; Signatures Follow on Next Page]

IN WITNESS WHEREOF, with intent to be legally bound hereby, the parties hereto have executed this Escrow Agreement as of the dates below written.

Seller:

73 BCI 2 LLC
a North Carolina limited liability company

By: Name: Title:

Buyer:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: Name: Title:

Escrow Agent:

Old Republic National Title Insurance Company

By: Name:
Title:

FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT

This FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT (this “**Amendment**”) is made effective as of June 30, 2023 (the “**Fourth Amendment Effective Date**”), by and between between **ProKidney Corp.**, a Cayman Islands exempted company (“**Purchaser**”) and **73 BCI 2 LLC**, a North Carolina limited liability company (“**Seller**”). (Seller and Purchaser are hereinafter jointly referred to as the “**Parties.**”)

RECITALS

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement effective as of March 29, 2023 (the “**March 29 Agreement**”), as amended by that certain Amendment to Purchase and Sale Agreement dated May 26, 2023, that certain Second Amendment to Purchase and Sale Agreement dated June 9, 2023, and that certain Third Amendment to Purchase and Sale Agreement dated as of June 15, 2023 (together, the “**Original Agreement**”) for the purchase and sale of certain real property located at and commonly known 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016, as more particularly described in the Agreement; and

WHEREAS, Seller and Purchaser desire to amend the Agreement as more particularly set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. **Recitals; Defined Terms; Construction.** The above stated recitals are true and correct and are incorporated herein by this reference in their entirety. Capitalized terms which are not defined in this Amendment shall have the same meaning as defined in the Original Agreement. This Amendment shall be deemed a part of and shall take precedence over and supersede any provisions to the contrary contained in the Original Agreement. Except as expressly modified by this Amendment, all of the provisions of the Original Agreement that are not in conflict with the terms of this Amendment shall remain in full force and effect. All references to “Agreement” in the Original Agreement and in this Amendment shall be deemed to refer to the Original Agreement as amended by this Amendment.

2. **Additional Deposit.** Within two (2) business days following the Fourth Amendment Effective Date, Purchaser will deposit with the Title Company an additional earnest money deposit in the amount of TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00) (the “Fourth Amendment Deposit”). The Fourth Amendment Deposit shall, together with the Additional Deposit and the Initial Deposit, constitute the “Deposit” as that term is used in the Agreement.

3. **Closing Date.** Notwithstanding anything to the contrary contained in the Agreement, the Closing Date shall be Monday, July 17, 2023, unless Purchaser notifies Seller and the Title Company in writing at least 2 business days in advance that the Closing Date shall occur on a business day earlier than July 17, 2023.

4. **Ratification.** The remaining terms and provisions of the Original Agreement are ratified and confirmed by the Parties and are incorporated into this Amendment by reference as if set forth fully herein. This Amendment, together with the Original Agreement, constitutes the entire understanding of the Parties with regard to the subject matter hereof and as so amended supersedes all prior or

contemporaneous discussions, representations, promises, inducements and understandings with respect to the subject matter hereof.

5. **Authority.** Each of Purchaser and Seller hereby represents and warrants to the other that: (i) the representing party has authority to enter into this Amendment and (ii) the terms, covenants and obligations contained herein are binding upon and enforceable against the representing party.

6. **Execution of Amendment.** This Amendment may be executed in any number of counterparts and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts put together shall constitute one and the same Amendment. This Amendment may be executed by signatures exchanged between the parties by DocuSign, email “pdf”, or other electronic means, and such DocuSign, email “pdf”, or other electronic signatures shall be deemed to constitute fully effective signatures.

7. **Drafts Not Binding.** Notwithstanding anything to the contrary contained herein or otherwise discussed among the Parties, the submission of drafts of this Amendment to shall not constitute an offer nor an agreement by either party with respect to the matters described herein. Neither party shall be bound hereto until this document shall have been fully executed and delivered.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

PURCHASER:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: /s/ Deepak Jain
Name: Deepak Jain
Title: COO

SELLER:

73 BCI 2 LLC
a North Carolina limited liability company

By: /s/ Arthur Samet
Name: Arthur Samet
Title: Manager

ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT (this "Assignment") is made and entered into as of the 17th day of July, 2023 and between PROKIDNEY CORP., a Cayman Islands exempted company ("Assignor"), and PROKIDNEY ACQUISITION COMPANY, LLC, a Delaware limited liability company ("Assignee").

RECITALS:

WHEREAS, **73 BCI 2 LLC**, a North Carolina limited liability company and Assignor, as "Purchaser", entered into that certain Purchase and Sale Agreement effective as of March 29, 2023 as amended by that certain Amendment to Purchase and Sale Agreement dated May 26, 2023; that certain Second Amendment to Purchase and Sale Agreement dated June 9, 2023; that certain Third Amendment to Purchase and Sale Agreement dated as of June 15, 2023; and that certain Fourth Amendment to Purchase and Sale Agreement dated June 30, 2023 (collectively, the "Purchase Agreement") with respect to certain real property commonly known as 7901 Indlea Point in the City of Greensboro, Guilford County, North Carolina, and also being identified as Guilford County Parcel ID Number 168016, as more particularly described in the Agreement.

WHEREAS, Assignor desires to assign to Assignee, and Assignee desires to assume from Assignor, all of Assignor's rights, title and interest in the Purchase Agreement.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, Assignor and Assignee do hereby agree as follows:

1. Assignment. Assignor does hereby assign, transfer, bargain, sell, grant, convey, deliver and set over absolutely unto Assignee, all of Assignor's right, title, interest, powers, remedies, benefits, options and privileges in, to and under the Purchase Agreement.

2. Assumption. Assignee hereby assumes (i) all of Assignor's right, title, interest, powers, remedies, benefits, options and privileges in, to and under the Purchase Agreement, and
(ii) all duties and obligations of Assignor arising out of or pertaining to the Purchase Agreement.

3. Indemnity. Assignee hereby agrees to indemnify, defend and hold harmless Assignor and each of its affiliates, members, managers, officers, agents and employees from and against any and all losses, costs, expenses (including reasonable attorneys' fees and costs) that Assignor or any of its affiliates, members, managers, officer, agents or employees may sustain as a result of a breach or default by "Purchaser" under the Purchase Agreement or any other liability thereunder.

4. Authority. Each of Assignor and Assignee represents and warrants to the other that the individual executing this Assignment on behalf of such party is duly authorized to execute and deliver this Assignment on behalf of such party.

5. Successors and Assigns. This Assignment shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors and assigns and legal representatives.

6. Captions. The section headings appearing in this Assignment are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section hereof.

7. Applicable Law. This Assignment shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to any principle or rule of law that would require the application of the law of any other jurisdiction.

8. Counterparts; Electronic Copies. This Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Assignment and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first above written.

ASSIGNOR:

PROKIDNEY CORP.,
a Cayman Islands exempted corporation

By: /s/ Deepak Jain
Name: Deepak Jain
Title: Chief Operating Officer

ASSIGNEE:

PROKIDNEY ACQUISITION COMPANY,
a Delaware limited liability company

By: /s/ Deepak Jain
Name: Deepak Jain
Title: Chief Operating Officer

[Signature Page -Assignment and Assumption of Purchase and Sale Agreement]

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

I, Timothy A. Bertram, certify that:

1. I have reviewed this Form 10-Q of ProKidney Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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; and
 - (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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2023

By: /s/ Timothy A. Bertram
Timothy A. Bertram
Chief Executive Officer
(Principal Executive Officer)

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

I, James Coulston, certify that:

1. I have reviewed this Form 10-Q of ProKidney Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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; and
 - (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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2023

By: /s/ James Coulston

James Coulston

Chief Financial Officer

(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report of ProKidney Corp. (the "Company") on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 10, 2023

By: /s/ Timothy A. Bertram
Timothy A. Bertram
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Quarterly Report of ProKidney Corp. (the "Company") on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 10, 2023

By: /s/ James Coulston

James Coulston

Chief Financial Officer

(Principal Financial and Accounting Officer)
