

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 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: 001-36571

**T2 Biosystems, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**101 Hartwell Avenue  
Lexington, Massachusetts**  
(Address of principal executive offices)

**20-4827488**

(I.R.S. Employer  
Identification No.)

**02421**

(Zip Code)

**Registrant's telephone number, including area code: (781) 761-4646**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	TTOO	The Nasdaq Capital Market

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

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

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

Large accelerated filer	<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 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 of Section 13(a) of the Exchange Act

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

As of November 10, 2023, the registrant had 4,050,294 shares of common stock outstanding.

T2 BIOSYSTEMS, INC.

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PART I.  
FINANCIAL INFORMATION

**Item 1. Financial Statements**

T2 BIOSYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)  
(Unaudited)

	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 24,319	\$ 10,329
Accounts receivable, net	1,139	2,163
Inventories, net	4,281	4,285
Prepaid expenses and other current assets	3,137	2,582
<b>Total current assets</b>	<b>32,876</b>	<b>19,359</b>
Property and equipment, net	2,042	4,533
Operating lease right-of-use assets	7,747	8,741
Restricted cash	551	1,551
Other assets	65	143
<b>Total assets</b>	<b>\$ 43,281</b>	<b>\$ 34,327</b>
<b>Liabilities and stockholders' deficit</b>		
Current liabilities:		
Notes payable	\$ 40,907	\$ —
Accounts payable	1,088	1,296
Accrued expenses and other current liabilities	4,954	7,269
Accrued final payment fee on Term Loan	4,863	—
Operating lease liability	1,547	1,352
Derivative liability related to Term Loan	652	—
Warrant liabilities	1,168	39
Deferred revenue	276	172
<b>Total current liabilities</b>	<b>55,455</b>	<b>10,128</b>
Notes payable	—	49,651
Operating lease liabilities, net of current portion	7,022	8,214
Deferred revenue, net of current portion	40	52
Derivative liability related to Term Loan	—	1,088
Accrued final payment fee on Term Loan	—	4,849
<b>Total liabilities</b>	<b>62,517</b>	<b>73,982</b>
Commitments and contingencies (see Note 14)		
Stockholders' deficit		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized: Series B Convertible Preferred Stock, 93,297 shares designated on September 30, 2023, 93,297 and 0 shares issued and outstanding on September 30, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.001 par value; 400,000,000 shares authorized; 3,918,438 and 77,165 shares issued and outstanding on September 30, 2023 and December 31, 2022, respectively	4	—
Additional paid-in capital	554,716	494,564
Accumulated deficit	(573,956)	(534,219)
<b>Total stockholders' deficit</b>	<b>(19,236)</b>	<b>(39,655)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 43,281</b>	<b>\$ 34,327</b>

See accompanying notes to condensed consolidated financial statements.

## T2 BIOSYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
(In thousands, except share and per share data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue:</b>				
Product revenue	\$ 1,472	\$ 2,641	\$ 5,091	\$ 9,044
Contribution revenue	—	1,036	423	7,778
Total revenue	1,472	3,677	5,514	16,822
<b>Costs and expenses:</b>				
Cost of product revenue	3,925	6,085	12,789	17,371
Research and development	2,663	6,375	10,984	21,056
Selling, general and administrative	5,980	7,017	19,575	24,071
Impairment of property and equipment	2,511	—	2,511	—
Total costs and expenses	15,079	19,477	45,859	62,498
Loss from operations	(13,607)	(15,800)	(40,345)	(45,676)
<b>Other income (expense):</b>				
Interest expense	(1,119)	(1,560)	(4,182)	(4,556)
Change in fair value of derivative related to Term Loan	184	(117)	436	(1,792)
Change in fair value of warrant liabilities	(930)	179	4,958	179
Other income	49	8	90	31
Other expense	—	(15)	(682)	(15)
Other losses	(2)	(70)	(12)	(75)
Total other income (expense)	(1,818)	(1,575)	608	(6,228)
Net loss	\$ (15,425)	\$ (17,375)	\$ (39,737)	\$ (51,904)
Deemed dividend on Series A Redeemable Convertible Preferred Stock	\$ —	\$ (330)	\$ —	\$ (330)
Net loss attributable to common stockholders	\$ (15,425)	\$ (17,705)	\$ (39,737)	\$ (52,234)
Net loss per share — basic and diluted	\$ (3.45)	\$ (294.65)	\$ (21.79)	\$ (1,208.17)
Weighted-average number of common shares used in computing net loss per share — basic and diluted	4,477,321	60,088	1,823,485	43,234
<b>Other comprehensive loss:</b>				
Net loss	\$ (15,425)	\$ (17,375)	\$ (39,737)	\$ (51,904)
Net unrealized gain on marketable securities arising during the period	—	—	—	2
Net realized (gain) loss on marketable securities included in net loss	—	—	—	2
Total other comprehensive income, net of taxes	—	—	—	4
Comprehensive loss	\$ (15,425)	\$ (17,375)	\$ (39,737)	\$ (51,900)

See accompanying notes to condensed consolidated financial statements.

T2 BIOSYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

(In thousands, except share data)

(Unaudited)

	Temporary Equity		Permanent Equity							
	Series A Redeemable Convertible		Series B Convertible		Common		Additional	Accumulated	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Preferred Stock		Preferred Stock		Stock		Paid-In			
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit		
Balance on December 31, 2021	—	\$ —	—	\$ —	33,280	\$ —	\$ 459,317	\$ (472,216)	\$ (4)	\$ (12,903)
Stock-based compensation expense	—	—	—	—	—	—	2,552	—	—	2,552
Issuance of common stock from vesting of restricted stock	—	—	—	—	400	—	—	—	—	—
Surrender of shares due to tax withholding	—	—	—	—	(107)	—	(230)	—	—	(230)
Issuance of common stock from secondary offering, net	—	—	—	—	709	—	1,432	—	—	1,432
Unrealized loss on marketable securities	—	—	—	—	—	—	—	—	(7)	(7)
Net loss	—	—	—	—	—	—	—	(16,495)	—	(16,495)
Balance on March 31, 2022	—	\$ —	—	\$ —	34,282	\$ —	\$ 463,071	\$ (488,711)	\$ (11)	\$ (25,651)
Stock-based compensation expense	—	—	—	—	—	—	1,534	—	—	1,534
Issuance of common stock from vesting of restricted stock, exercise of stock options and employee stock purchase plan	—	—	—	—	234	—	139	—	—	139
Surrender of shares due to tax withholding	—	—	—	—	—	—	(12)	—	—	(12)
Issuance of common stock from secondary offering, net	—	—	—	—	5,173	—	4,494	—	—	4,494
Unrealized gain on marketable securities	—	—	—	—	—	—	—	—	11	11
Net loss	—	—	—	—	—	—	—	(18,034)	—	(18,034)
Balance on June 30, 2022	—	\$ —	—	\$ —	39,689	\$ —	\$ 469,226	\$ (506,745)	\$ —	\$ (37,519)
Stock-based compensation expense	—	—	—	—	—	—	1,372	—	—	1,372
Issuance of common stock from vesting of restricted stock and exercise of stock options	—	—	—	—	14	—	—	—	—	—
Issuance of common stock from secondary offering, net	—	—	—	—	30,805	—	22,183	—	—	22,183
Issuance of Series A Redeemable Convertible Preferred Stock	3,000	—	—	—	—	—	—	—	—	—
Deemed dividend on Series A Redeemable Convertible Preferred Stock	—	330	—	—	—	—	(330)	—	—	(330)
Net loss	—	—	—	—	—	—	—	(17,375)	—	(17,375)
Balance on September 30, 2022	3,000	\$ 330	—	\$ —	70,508	\$ —	\$ 492,451	\$ (524,120)	\$ —	\$ (31,669)

	Temporary Equity		Permanent Equity							
	Series A Redeemable		Series B Convertible		Common		Additional	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Preferred Stock		Preferred Stock		Stock		Paid-In Capital			
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance on December 31, 2022	—	\$ —	—	\$ —	77,165	\$ —	\$ 494,564	\$ (534,219)	\$ —	\$ (39,655)
Stock-based compensation expense	—	—	—	—	—	—	1,833	—	—	1,833
Issuance of common stock from vesting of restricted stock	—	—	—	—	643	—	—	—	—	—
Issuance of common stock from secondary offering, net	—	—	—	—	6,528	—	930	—	—	930
Issuance of common stock and Pre-Funded Warrant from public offering, net	—	—	—	—	90,173	—	4,031	—	—	4,031
Issuance of common stock upon Common Stock Warrant cashless exercises	—	—	—	—	11,718	—	938	—	—	938
Issuance of common stock upon Pre-Funded Warrant exercises	—	—	—	—	17,406	—	2	—	—	2
Net loss	—	—	—	—	—	—	—	(17,965)	—	(17,965)
Balance on March 31, 2023	—	\$ —	—	\$ —	203,633	\$ —	\$ 502,298	\$ (552,184)	\$ —	\$ (49,886)
Stock-based compensation expense	—	—	—	—	—	—	913	—	—	913
Issuance of common stock from vesting of restricted stock	—	—	—	—	100	—	2	—	—	2
Issuance of common stock from secondary offering, net	—	—	—	—	2,146,055	2	18,383	—	—	18,385
Issuance of common stock upon Common Stock Warrant cashless exercises	—	—	—	—	65,127	—	510	—	—	510
Issuance of common stock upon Pre-Funded Warrant exercises	—	—	—	—	3,518	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(6,347)	—	(6,347)
Balance on June 30, 2023	—	\$ —	—	\$ —	2,418,433	\$ 2	\$ 522,106	\$ (558,531)	\$ —	\$ (36,423)
Stock-based compensation expense	—	—	—	—	—	—	877	—	—	877
Issuance of common stock from vesting of restricted stock	—	—	—	—	176	—	—	—	—	—
Issuance of common stock from secondary offering, net	—	—	—	—	1,015,385	2	21,701	—	—	21,703
Issuance of common stock to CRG	—	—	—	—	483,457	—	3,413	—	—	3,413
Issuance of Series B Convertible Preferred Stock to CRG	—	—	93,297	—	—	—	6,587	—	—	6,587
Issuance of Series A Redeemable Preferred Stock to CRG	1,000	—	—	—	—	—	—	—	—	—
Redemption of Series A Redeemable Preferred Stock issued to CRG	(1,000)	—	—	—	—	—	—	—	—	—
Issuance of common stock upon Common Stock Warrant cashless exercises	—	—	—	—	925	—	32	—	—	32
Reverse stock split rounding adjustment	—	—	—	—	62	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(15,425)	—	(15,425)
Balance on September 30, 2023	—	\$ —	93,297	\$ —	3,918,438	\$ 4	\$ 554,716	\$ (573,956)	\$ —	\$ (19,236)

See accompanying notes to condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
<b>Cash flows from operating activities</b>		
Net loss	\$ (39,737)	\$ (51,904)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	785	792
Non-cash lease expense	994	907
Stock-based compensation expense	3,623	5,458
Change in fair value of derivative related to Term Loan	(436)	1,792
Loss on sales of marketable securities	—	2
Change in fair value of warrant liabilities	(4,958)	(179)
Issuance costs related to Common Stock Warrants	682	—
Loss on issuance of Series A Redeemable Convertible Preferred Stock and derivative warrant liability	—	65
Loss on disposal of property and equipment	3	30
Non-cash interest expense	1,332	1,613
Impairment of property and equipment	2,511	—
Changes in operating assets and liabilities:		
Accounts receivable	1,024	3,556
Prepaid expenses and other assets	(479)	356
Inventories	(539)	(815)
Accounts payable	(208)	(791)
Accrued expenses and other liabilities	(2,412)	61
Deferred revenue	92	(375)
Operating lease liabilities	(997)	(868)
Net cash used in operating activities	(38,720)	(40,300)
<b>Cash flows from investing activities</b>		
Proceeds from sales of marketable securities	—	9,998
Purchases and manufacture of property and equipment	(166)	(303)
Net cash (used in) provided by investing activities	(166)	9,695
<b>Cash flows from financing activities</b>		
Payment of employee restricted stock tax withholdings	—	(243)
Proceeds from issuance of shares from employee stock purchase plan and stock option exercises	2	139
Proceeds from public offering, net of issuance costs	10,918	28,110
Proceeds from secondary offering, net of issuance costs	41,018	—
Proceeds from issuance of Series A Redeemable Convertible Preferred Stock and derivative warrant liability	—	300
Payment of debt issuance costs	(62)	—
Net cash provided by financing activities	51,876	28,306
Net change in cash, cash equivalents and restricted cash	12,990	(2,299)
Cash, cash equivalents and restricted cash at beginning of period	11,880	23,796
Cash, cash equivalents and restricted cash at end of period	\$ 24,870	\$ 21,497
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	\$ 3,860	\$ 2,916
<b>Supplemental disclosures of noncash activities</b>		
Transfer of T2 owned instruments and components from inventory	\$ (543)	\$ (482)
Cashless exercise of Common Stock Warrants	\$ (1,480)	\$ —
Cancellation of CRG Term Loan in exchange for common stock and Series B Convertible Preferred Stock	\$ 10,000	\$ —
Deemed dividend on Series A Redeemable Convertible Preferred Stock	\$ —	\$ 330
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ —	\$ 199
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 142	\$ 72

	September 30, 2023	September 30, 2022
<b>Reconciliation of cash, cash equivalents and restricted cash at end of period</b>		
Cash and cash equivalents	\$ 24,319	\$ 20,366
Restricted cash	551	1,131
Total cash, cash equivalents and restricted cash	<u>\$ 24,870</u>	<u>\$ 21,497</u>

See accompanying notes to condensed consolidated financial statements.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**1. Nature of Business**

T2 Biosystems, Inc. and its subsidiary (the “Company,” “we,” or “T2”) have operations based in Lexington, Massachusetts. T2 Biosystems, Inc. was incorporated on April 27, 2006 as a Delaware corporation. The Company is an in vitro diagnostics company that has developed an innovative and proprietary technology platform that offers a rapid, sensitive and simple alternative to existing blood culture-based diagnostic methodologies. The Company has developed a broad set of applications aimed at lowering mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier. The Company’s technology enables rapid detection of pathogens, biomarkers and other abnormalities in a variety of unpurified patient sample types, including whole blood, plasma, serum, saliva, sputum, cerebral spinal fluid and urine, and can detect cellular targets at limits of detection as low as one colony forming unit per milliliter (“CFU/mL”). We are currently targeting a range of critically underserved healthcare conditions, focusing initially on those for which a rapid diagnosis will serve an important dual role – saving lives and reducing costs. The Company’s current development efforts primarily target sepsis, bioterrorism, and Lyme disease, which represent areas of significant unmet medical need in which rapid detection and targeted treatment could lead to improved patient outcomes.

**Liquidity and Going Concern**

On September 30, 2023, the Company had cash and cash equivalents of \$24.3 million, an accumulated deficit of \$574.0 million, stockholders’ deficit of \$19.2 million and has experienced cash outflows from operating activities since its inception. The future success of the Company is dependent on its ability to successfully commercialize its products, obtain regulatory clearance for and successfully launch its future product candidates, obtain additional capital and ultimately attain profitable operations. The Company has primarily funded its operations through public equity financing, grants, and private debt financing.

The Company is subject to a number of risks similar to other early commercial stage life science companies, including, but not limited to commercially launching the Company’s products, development and market acceptance of the Company’s product candidates, development by its competitors of new technological innovations, protection of proprietary technology, and raising additional capital.

The Company’s T2Dx<sup>®</sup> Instrument, the T2Bacteria<sup>®</sup> Panel, the T2Candida<sup>®</sup> Panel, and the T2Biothreat<sup>®</sup> Panel are authorized for use in the United States by the Food and Drug Administration, or FDA. In June 2020 the FDA extended Emergency Use Authorization, or EUA, to the Company’s T2SARS-CoV-2<sup>™</sup> Panel. In 2023, customers have significantly reduced their purchases of the Company’s COVID-19 test, as anticipated, and the Company is no longer manufacturing the T2SARS-CoV-2<sup>™</sup> Panel.

The Company believes that its cash and cash equivalents of \$24.3 million on September 30, 2023 will not be sufficient to fund its current operating plan through the third quarter of 2024. Certain elements of the Company’s operating plan cannot be considered probable, and in order to support the business, the Company initiated a process to explore a range of strategic alternatives focused on maximizing values. Under ASC 205-40, the future receipt of potential funding from co-development partners and other resources cannot be considered probable at this time because none of the plans are entirely within the Company’s control.

In May 2023, as part of a strategic restructuring program, the Company initiated a workforce reduction of nearly 30%. Additionally, the Company is continuing to explore alternative strategic options, including an acquisition, merger, reverse merger, other business combination, sale of assets or licensing.

In September 2023, the Company’s milestone-based product development contract with the Biomedical Advanced Research and Development Authority (“BARDA”) (see Note 12 below) expired, which may impact the Company’s ability to continue to fund the development of its next-generation products.

The Company’s Term Loan Agreement (the “Term Loan Agreement”) with certain CRG entities (collectively, “CRG”) (See Note 6 below) has a minimum liquidity covenant which initially required us to maintain a minimum cash balance of \$5.0 million. In May 2023, CRG reduced the minimum liquidity covenant under the Term Loan Agreement from \$5.0 million to \$500,000 until December 31, 2023. In July 2023, the Company converted \$10.0 million of the outstanding debt under its Term Loan Agreement with CRG to equity. In October 2023, CRG extended both the interest-only period and the maturity date of the outstanding debt under the Term Loan Agreement by one year from December 30, 2024 to December 31, 2025, and permanently reduced the minimum liquidity covenant from \$5.0 million to \$500,000.

These conditions raise substantial doubt regarding the Company's ability to continue as a going concern for a period of one year after the date that the financial statements are issued. Management's plans to alleviate the conditions that raise substantial doubt include raising additional funding and maintaining reduced operating expenses in order to continue as a going concern for a period of 12 months from the date these condensed consolidated financial statements are issued. Management has concluded the likelihood that its plan to successfully obtain sufficient funding from one or more of these sources or maintain reduced expenditures, while reasonably possible, is less than probable. Accordingly, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of at least 12 months from the date of issuance of these financial statements.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB"). The Company's condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, T2 Biosystems Securities Corporation. All intercompany balances and transactions have been eliminated.

On October 12, 2023, the Company effected a 1-for-100 reverse stock split. One share of common stock was issued for every 100 shares of issued and outstanding common stock, and fractional shares were settled in cash. All references to share and per share amounts (excluding authorized shares) in the condensed consolidated financial statements and accompanying notes have been retroactively restated to account for the reverse split.

Prior to this, on October 12, 2022, the Company effected a 1-for-50 reverse stock split. One share of common stock was issued for every 50 shares of issued and outstanding common stock, and fractional shares were settled in cash.

### **Unaudited Interim Financial Information**

Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

The accompanying interim condensed consolidated balance sheet as of September 30, 2023, the condensed consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2023 and 2022, the condensed consolidated statements of Series A Redeemable Convertible Preferred Stock and stockholders' deficit for the three and nine months ended September 30, 2023 and 2022, the condensed consolidated statements of cash flows for the nine months ended September 30, 2023 and 2022 and the related financial data and other information disclosed in these notes are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited annual financial statements, and, in the opinion of management, reflect all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2023, and the results of its operations for the three and nine months ended September 30, 2023 and 2022 and its cash flows for the nine months ended September 30, 2023 and 2022. The results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023, any other interim periods, or any future year or period.

### **Segment Information**

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company views its operations and manages its business in one operating segment, which is the business of developing and, upon regulatory clearance, commercially launching its diagnostic products aimed at lowering mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier.

## Going Concern

Pursuant to the requirements of Accounting Standards Codification 205-40, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASC 205-40"), management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. This evaluation initially does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued.

## Geographic Information

The Company sells its products domestically and internationally. Total international sales were approximately \$0.5 million, or 37% of total revenue, and \$1.2 million, or 32% of total revenue, for the three months ended September 30, 2023 and 2022, respectively. Total international sales were approximately \$2.3 million, or 41% of total revenue, and \$3.2 million, or 19% of total revenue, for the nine months ended September 30, 2023 and 2022, respectively.

International sales to our Austria-based distributor were approximately \$0.2 million, or 16% of total revenue, and \$0.5 million, or 9% of total revenue, for the three and nine months ended September 30, 2023, respectively. International sales to our Austria-based distributor did not exceed 10% of total revenue for the three and nine months ended September 30, 2022. International sales to Italy were approximately \$0.2 million, or 15% of total revenue, and \$1.3 million, or 23% of total revenue, for the three and nine months ended September 30, 2023, respectively. International sales to Italy were approximately \$0.5 million, or 12% of total revenue, and \$1.1 million, or 6% of total revenue, for the three and nine months ended September 30, 2022, respectively.

The following table shows customers that represent greater than 10% of total revenue for the period presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Customer A	—%	28%	—%	46%
Customer B	15%	12%	23%	—%
Customer C	16%	—%	—%	—%
Customer D	12%	—%	10%	—%

Customer A is a U.S. government customer (BARDA). Customer B and Customer C are international distributors. Customer D is a U.S. hospital.

The following table shows customers that represent greater than 10% of the accounts receivable balance for the period presented:

	September 30,	December 31,
	2023	2022
Customer A	—%	32%
Customer B	11%	—%
Customer C	18%	—%
Customer E	12%	—%

Customer A is a U.S. government customer (BARDA). Customer B and Customer C are international distributors. Customer E is a U.S. healthcare system comprised of multiple hospitals.

As of both September 30, 2023 and December 31, 2022, the Company had outstanding receivables of \$0.4 million from customers located outside of the U.S.

## Net Loss Per Share

As discussed in Note 7, the Company issued 93,297 shares of Series B Convertible Preferred Stock on July 3, 2023. The Company has reviewed the terms of the Series B Convertible Preferred Stock and noted that such stock has no preferential rights and that the liquidation preference for the Series B Convertible Preferred Stock would be on parity with that of the Company's common shares. Because the Series B Convertible Preferred Stock has the same level of subordination and, in substance, the same characteristics as the Company's common shares, the Company included the Series B Convertible Preferred Stock, on an if-converted basis of 932,970 shares, in the basic and diluted net loss per share attributable to common stockholders calculation.

The Company has also issued certain securities that are participating securities. Therefore, the Company must apply the two-class method to determine basic and diluted earnings per share. The two-class method is an earnings allocation method under which net loss per share is calculated for each class of common stock and participating security considering both dividends declared, if any, and participation rights in undistributed earnings as if all such earnings had been distributed for the period. The Company's participating securities do not have an obligation to share in the losses of the Company; therefore, to the extent that the Company remains in a net loss position, the entire net loss will be allocated to common stockholders.

Basic net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, in-substance common stock, and potential common shares exercisable for little to no consideration, and does not consider other common stock equivalents.

Diluted net loss per share is calculated by adjusting the weighted-average number of shares outstanding, in-substance common stock, and potential common shares exercisable for little to no consideration used to compute basic earnings per share for the dilutive effect of other common stock equivalents that were outstanding during the period, determined using either the if-converted method or the treasury-stock method.

## Classification of Series A Redeemable Convertible Preferred Stock

The Company applied the guidance in ASC 480-10-S99-3A, SEC Staff Announcement: Classification and Measurement of Redeemable Securities and classified the Series A Redeemable Convertible Preferred Stock as temporary equity in the mezzanine section of the balance sheet at September 30, 2022. The Series A Redeemable Convertible Preferred Stock was recorded outside of stockholders' deficit because under the terms thereof, in the event of stockholder approval of the reverse stock split or a delisting event, which were events considered not solely within the Company's control, the Series A Redeemable Convertible Preferred Stock would become redeemable at the option of the holders.

## Derivative Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives requiring bifurcation in accordance with ASC Topic 815, *Derivatives and Hedging*. Derivative instruments are measured at fair value at issuance and at each reporting date in accordance with ASC 820 with changes in fair value recognized in the period of change in the condensed consolidated statements of operations and comprehensive loss.

The Company determined that both the warrant issued in conjunction with the Series A Redeemable Convertible Preferred Stock in August of 2022 and the Common Stock Warrants issued in February 2023 are derivative instruments. The warrant liabilities are classified on the condensed consolidated balance sheets as current because settlement of the warrant liability could be required by the holder within 12 months of the balance sheet date. Changes in fair value are recognized in change in fair value of warrant liabilities in the period of change in the condensed consolidated statements of operations and comprehensive loss. See Notes 3 and 8.

The Company has identified a derivative liability related to its Term Loan Agreement with CRG that is classified as a current liability on the balance sheet on September 30, 2023 and a non-current liability on December 31, 2022, to match the classification of the related Term Loan Agreement. Changes in fair value are recognized in change in fair value of derivative related to Term Loan in the period of change in the condensed consolidated statements of operations and comprehensive loss. See Note 6.

The Company does not designate its derivative instruments as hedging instruments.

## Guarantees

As permitted under Delaware law, the Company indemnifies its officers and directors for certain events or occurrences while each such officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification is the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make is unlimited; however,

the Company has directors' and officers' liability insurance coverage that limits its exposure and enables the Company to recover a portion of any future amounts paid.

The Company leases office, laboratory and manufacturing space under noncancelable operating leases. The Company has standard indemnification arrangements under the leases that require it to indemnify the landlords against all costs, expenses, fines, suits, claims, demands, liabilities, and actions directly resulting from any breach, violation or nonperformance of any covenant or condition of the Company's leases. See Note 14 for a discussion about the Billerica, Massachusetts lease.

In the ordinary course of business, the Company enters into indemnification agreements with certain suppliers and business partners where the Company has certain indemnification obligations limited to the costs, expenses, fines, suits, claims, demands, liabilities and actions directly resulting from the Company's gross negligence or willful misconduct, and in certain instances, breaches, violations or nonperformance of covenants or conditions under the agreements.

As of September 30, 2023 and December 31, 2022, the Company had not experienced any material losses related to these indemnification obligations, and no material claims with respect thereto were outstanding. The Company does not expect significant claims related to these indemnification obligations and, consequently, concluded that the fair value of these obligations is negligible, and no related reserves were established.

## **Leases**

### *Lessee*

Pursuant to ASC Topic 842, *Leases* ("ASC 842"), at the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets, lease liabilities and long-term lease liabilities. The Company has elected not to recognize on the balance sheet leases with terms of one year or less. The exercise of lease renewal options is at the Company's discretion and the periods subject to renewal option are not included in the measurement of the Company's right-of-use assets and lease liabilities as the renewal options are not reasonably certain of exercise. The Company will continue to evaluate the renewal options and when they are reasonably certain of exercise, the Company will include the renewal period in its lease term. Operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected remaining lease term. However, certain adjustments to the right-of-use asset may be required for items such as prepaid or accrued lease payments. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rates, which are the rates incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

In accordance with the guidance in ASC 842, components of a lease should be split into three categories: lease components (e.g., land, building, etc.), non-lease components (e.g., common area maintenance, consumables, etc.), and non-components (e.g., property taxes, insurance, etc.). Then the fixed and in-substance fixed contract consideration (including any related to non-components) must be allocated based on the respective relative fair values to the lease components and non-lease components.

The Company made the policy election to not separate lease and associated non-lease components. Each lease component and the related non-lease components are accounted for together as a single component.

### *Lessor*

The Company derives revenue from leasing its T2-owned instruments through reagent rental agreements (see the Revenue Recognition section below). Customers typically have the right to cancel every twelve months subject to penalty. As a result of the penalty, the customers are deemed reasonably certain of not exercising their termination rights resulting in a lease term of generally three years. These lease agreements impose no requirement on the customer to purchase the instrument, and the instrument is not transferred to the customer at the end of the lease term. The short-term nature of the lease agreements does not result in lease payments accumulating to an amount that exceeds substantially all of the fair value of the instrument nor is the lease term for the majority of the remaining economic life of the instrument. Instrument leases are generally classified as operating leases as they do not meet any of the sales-type lease or direct financing lease criteria per ASC 842 and are recognized ratably over the duration of the lease. In accordance with these contracts, customers only make payments when consumables are ordered and delivered thus making these payments variable by nature. The Company estimates the expected volume of consumables to be purchased by each customer over the lease term to measure and recognize rental and consumables revenue.

Generally, lease arrangements include both lease and non-lease components. The lease component relates to the customer's right-to-use the T2-owned instrument over the lease term. The non-lease components relate to (1) consumables and (2) maintenance services.

Because the timing and pattern of transfer for the operating lease component, the T2-owned instrument, and maintenance components of a reagent rental agreement are recognized over the same time period and in the same pattern, the Company elected the practical expedient to aggregate non-lease components with the associated lease component and account for the combined component as an operating lease for all instrument leases. In the evaluation of whether the lease component (T2-owned instrument) or the non-lease component associated with the lease component (maintenance) is the predominant component, the Company determined that the lease component is predominant as we believe the customer would ascribe more value to the use of the T2-owned instrument than that of the maintenance services. The T2-owned instrument lease and maintenance service performance obligations are classified as a single category of instrument rental revenue within product revenue in the condensed consolidated statements of operations and comprehensive loss (see disaggregated revenue table below in Revenue Recognition section). The consumables non-lease component does not meet the requirements to elect the practical expedient and thus must apply ASC Topic 606, *Revenue from Contracts with Customers*, as described below in the Revenue Recognition section.

The Company considers the economic life of its T2-owned instruments to be five years. The Company believes five years is representative of the period during which the instrument is expected to be economically usable by one or more users, with normal service, for the purpose for which it is intended. The residual value is estimated to be the value at the end of the lease term based on the anticipated fair market value of the units. The Company mitigates residual value risk of its leased instrument by performing regular management and maintenance, as necessary.

## **Revenue Recognition**

The Company generates revenue from the sale of instruments, consumable diagnostic tests, related services, reagent rental agreements and government contributions. For arrangements in the scope of ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Company determines revenue recognition through the following steps:

- Identification of a contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue as a performance obligation is satisfied

The amount of revenue recognized reflects the consideration the Company expects to be entitled to receive in exchange for these goods and services.

Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers either at a point in time, typically upon shipment, or over time, as services are performed.

Most of the Company's contracts with distributors in geographic regions outside the United States contain only a single performance obligation, whereas most of the Company's contracts with direct sales customers in the United States contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. Excluded from the transaction price are sales tax and other similar taxes which are presented on a net basis.

Product revenue is generated by the sale of instruments and consumable diagnostic tests predominantly through the Company's direct sales force in the United States and distributors in geographic regions outside the United States. The Company generally does not offer product returns or exchange rights (other than those relating to defective goods under warranty) or price protection allowances to its customers, including its distributors. Payment terms granted to distributors are the same as those granted to end-user customers and payments are not dependent upon the distributors' receipt of payment from their end-user customers.

The Company either sells instruments to customers and international distributors or retains title and places the instrument at the customer site pursuant to a reagent rental agreement. When an instrument is purchased by a customer or international distributor, the Company recognizes revenue when the related performance obligation is satisfied (i.e., when the control of an instrument has passed to the customer; typically, at shipping point).

When the instrument is placed under a reagent rental agreement, the Company's customers generally agree to fixed term agreements, which can be extended, and incremental charges on each consumable diagnostic test purchased. Revenue from the sale of consumable diagnostic tests (under a reagent rental agreement) is generally recognized upon shipment. The transaction price from consumables purchases is allocated between the lease and nonlease components when related performance obligations are satisfied, as a component of lease and product revenue, and is included as Instrument Rentals in the below table. Revenue associated with reagent rental consumables purchases is currently classified as variable consideration and constrained until a purchase order is received and related performance obligations have been satisfied.

Revenue from the sale of consumable diagnostic tests (under instrument purchase agreements) is recognized when control has passed to the customer, typically at shipping point.

Shipping and handling costs billed to customers in connection with a product sale are recorded as a component of the transaction price and allocated to product revenue in the condensed consolidated statements of operations and comprehensive loss as they are incurred by the Company in fulfilling its performance obligations.

Direct sales of instruments include warranty, maintenance and technical support services typically for one year following the installation of the purchased instrument ("Maintenance Services"). Maintenance Services are separate performance obligations as they are service based warranties and are recognized on a straight-line basis over the service delivery period. After the completion of the initial Maintenance Services period, customers have the option to renew or extend the Maintenance Services typically for additional one-year periods in exchange for additional consideration. The extended Maintenance Services are also service based warranties that represent separate purchasing decisions. The Company recognizes revenue allocated to the extended Maintenance Services performance obligation on a straight-line basis over the service delivery period.

Fees paid to member-owned group purchasing organizations ("GPOs") are deducted from related product revenues.

The Company warrants that consumable diagnostic tests will be free from defects, when handled according to product specifications, for the stated life of the product. To fulfill valid warranty claims, the Company provides replacement product free of charge. Warranty expense is recognized based on the estimated defect rates of the consumable diagnostic tests.

#### *Contribution Revenue*

The government contract with BARDA was considered a government grant and not considered a contract with a customer and thus not subject to ASC 606. Revenue under the government BARDA contract was earned under a cost-sharing arrangement in which the Company was reimbursed for direct costs incurred plus allowable indirect costs. The government contract revenue was recognized as the related reimbursable expenses were incurred. The cost reimbursement that was reported as revenue was presented gross of the related reimbursable expenses in the Company's condensed consolidated statements of operations and comprehensive loss; the related reimbursable expenses were expensed as incurred as research and development expense. The Company accounted for these contracts as a government grant by analogy to International Accounting Standards 20 ("IAS 20"), *Accounting for Government Grants and Disclosure of Government Assistance*.

The BARDA contract expired in September 2023.

#### *Disaggregation of Revenue*

The Company disaggregates revenue from contracts with customers by type of products and services, as it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following table disaggregates our revenue by major source (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Product revenue				
Instruments	263	616	1,135	1,849
Consumables	1,038	1,822	3,453	6,442
Instrument rentals	17	5	121	74
Service	154	198	382	679
Total product revenue	1,472	2,641	5,091	9,044
Contribution revenue	—	1,036	423	7,778
Total revenue	\$ 1,472	\$ 3,677	\$ 5,514	\$ 16,822

### *Remaining Performance Obligations*

Under ASC 606, the Company is required to disclose the aggregate amount of the transaction price that is allocated to unsatisfied or partially satisfied performance obligations as of September 30, 2023. However, the guidance provides certain practical expedients that limit this requirement, and therefore, the Company has elected to not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The nature of the excluded unsatisfied performance obligations pursuant to the practical expedient include consumable shipments, service contracts, warranties and installation services that will be performed within one year. The amount of the transaction price that is allocated to unsatisfied or partially satisfied performance obligations, that has not yet been recognized as revenue and that does not meet the elected practical expedient is \$0.1 million as of September 30, 2023. The Company expects to recognize 61% of this amount as revenue within one year and the remainder within three years.

### *Judgments*

Certain contracts with customers include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Once the performance obligations are determined, the Company determines the transaction price, which includes estimating the amount of variable consideration, based on the most likely amount, to be included in the transaction price, if any. The Company then allocates the transaction price to each performance obligation in the contract based on a relative standalone selling price method. The corresponding revenue is recognized as the related performance obligations are satisfied as discussed in the revenue categories above.

Judgment is required to determine the standalone selling price for each distinct performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as a range of selling prices, market conditions and the expected costs and margin related to the performance obligations.

### *Contract Assets and Liabilities*

The Company's contract assets represent revenue recognized for performance obligations in advance of invoicing at the contract level based on the transaction price allocated to the respective performance obligations. The opening and closing balances of the Company's contract assets were \$0.1 million and \$0.1 million for the nine months ended September 30, 2023, respectively, and \$0.0 million and \$0.1 million for the nine months ended September 30, 2022, respectively.

The Company's contract liabilities consist of upfront payments for research and development contracts and maintenance services on instrument sales. Contract liabilities are classified in deferred revenue as current or non-current based on the timing of when revenue is expected to be recognized. The opening and closing balances of the Company's contract liabilities were \$0.2 million and \$0.3 million for the nine months ended September 30, 2023, respectively, and \$0.5 million and \$0.2 million for the nine months ended September 30, 2022, respectively. Revenue recognized during the nine months ended September 30, 2023 relating to contract liabilities on December 31, 2022 was \$0.2 million and related to straight-line revenue recognition associated with maintenance agreements.

### *Accounts Receivable, Net*

The opening and closing balances of the Company's accounts receivable, net were \$2.2 million and \$1.1 million for the nine months ended September 30, 2023, respectively, and \$5.1 million and \$1.6 million for the nine months ended September 30, 2022, respectively.

### **Cost of Product Revenue**

Cost of product revenue includes the cost of materials, direct labor and manufacturing overhead costs used in the manufacture of consumable diagnostic tests sold to customers, related warranty and license and royalty fees. Cost of product revenue also includes depreciation on T2-owned revenue generating T2Dx Instruments that have been placed with customers under reagent rental agreements; costs of materials, direct labor and manufacturing overhead costs on the T2Dx Instruments sold to customers; and other costs such as customer support costs, royalties and license fees, warranty and repair and maintenance expense on the T2Dx Instruments that have been placed with customers under reagent rental agreements.

### **Research and Development Costs**

Costs incurred in the research and development of the Company's product candidates are expensed as incurred. Research and development expenses consist of costs incurred in performing research and development activities, including activities associated with delivering products or services associated with contribution revenue, clinical trials to evaluate the clinical utility of product candidates, and costs associated with the enhancements of developed products. These costs include salaries and benefits, stock compensation,



research related facility and overhead costs, laboratory supplies, equipment, depreciation on T2Dx Instruments used for research and development activities and contract services.

### Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of costs for the Company’s sales and marketing, finance, legal, human resources, business development and general management functions, as well as professional services, such as legal, consulting and accounting services. Other selling, general and administrative expenses include commercial support activity, facility-related costs, fees and expenses associated with obtaining and maintaining patents, clinical and economic studies and publications, marketing expenses, and travel expenses. The Company expenses the majority of selling, general and administrative expenses as incurred.

### Impairment of Long-lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is evaluated by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value, or the estimated discounted future cash flows, of the long-lived assets.

For the three months ended September 30, 2023, we determined a triggering event occurred that required us to evaluate our long-lived assets for impairment. As a result, the Company recorded a loss on the impairment of property and equipment of \$2.5 million for the three and nine months ended September 30, 2023.

### Recent Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

#### Accounting Standards Adopted

On September 29, 2022, the FASB issued ASU 2022-04, *Liabilities-Supplier Finance Programs (Subtopic 405-50) Disclosure of Supplier Finance Program Obligations* (“ASU 2022-04”). This ASU requires that a buyer in a supplier finance program disclose additional information about the program to allow financial statement users to better understand the effect of the programs on an entity’s working capital, liquidity, and cash flows. This update is effective for the Company for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on roll forward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company adopted ASU 2022-04 on January 1, 2023. The adoption did not have a material impact on the Company’s financial statements.

### 3. Fair Value Measurements

The Company measures the following financial assets at fair value on a recurring basis. There were no transfers between levels of the fair value hierarchy during any of the periods presented. The following tables set forth the Company’s financial assets and liabilities carried at fair value categorized using the lowest level of input applicable to each financial instrument as of September 30, 2023 and December 31, 2022 (in thousands):

	Balance at September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Liabilities:</b>				
Warrant liabilities	\$ 1,168	\$ —	\$ 1,168	\$ —
Derivative liability related to Term Loan	652	—	—	652
	<u>\$ 1,820</u>	<u>\$ —</u>	<u>\$ 1,168</u>	<u>\$ 652</u>

	Balance at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Liabilities:</b>				
Warrant liabilities	\$ 39	\$ —	\$ 39	\$ —
Derivative liability related to Term Loan	1,088	—	—	1,088
	<u>\$ 1,127</u>	<u>\$ —</u>	<u>\$ 39</u>	<u>\$ 1,088</u>

The Company maintains money market accounts classified as restricted cash, which are Level 1 assets, for \$0.6 million on September 30, 2023 and \$1.6 million on December 31, 2022 (Note 4).

The Company estimated the fair value of the warrant issued in conjunction with the Series A Redeemable Convertible Preferred Stock in August of 2022 (the "Series A Warrant") (Note 8) using the Black-Scholes Model, which uses multiple inputs including the Company's stock price, the exercise price of the warrant, volatility of the Company's stock price, the risk-free interest rate and the expected term of the warrant.

The estimated fair value of the Series A Warrant on September 30, 2023 was determined using the following assumptions:

Risk-free interest rate	4.66 %
Expected dividend yield	0.00 %
Expected volatility	146.00 %
Expected term	4.38

The Company estimated the fair value of the Common Stock Warrant issued in February of 2023 (the "Common Stock Warrant") (Note 8) using both the Black-Scholes Model and Monte Carlo simulation methods to model different potential settlement outcomes. These models use multiple inputs including the Company's stock price, the exercise price of the warrant, volatility of the Company's stock price, the risk-free interest rate and the expected term of the warrant. Such inputs may vary depending on the model applied and the underlying scenario assumptions. Key inputs included the warrant exercise price of \$108.00 per share, a risk-free interest rate of 4.66%, expected volatility ranging from 146% to 268%, an expected dividend yield of 0.00%, a stock price of \$26.73 (adjusted to reflect volume weighting) and an expected term ranging from zero years to 4.38 years, depending on the simulation.

The following table provides a roll-forward of the fair value of the Common Stock Warrants (in thousands):

Balance on December 31, 2022	\$ —
Issuance of Common Stock Warrant	7,568
Settlement due to cashless exercise	(938)
Change in fair value	1,326
Balance on March 31, 2023	<u>\$ 7,956</u>
Issuance of Common Stock Warrant	—
Settlement due to cashless exercise	(510)
Change in fair value	(7,178)
Balance on June 30, 2023	<u>\$ 268</u>
Issuance of Common Stock Warrant	—
Settlement due to cashless exercise	(32)
Change in fair value	924
Balance on September 30, 2023	<u>\$ 1,160</u>

The Company has a derivative instrument related to its Term Loan Agreement (Note 6) that requires the Company to pay additional interest of 4% per annum upon an event of default or if any obligation other than the unpaid principal amount of the Term Loan is not paid when due. Fair value is determined quarterly. The fair value on September 30, 2023 and December 31, 2022 is \$0.7 million and \$1.1 million, respectively, and is classified as a current liability on the balance sheet on September 30, 2023 and a non-current liability on December 31, 2022, to match the classification of the related Term Loan Agreement (Note 6).

The estimated fair value of the derivative on September 30, 2023 was determined using a probability-weighted discounted cash flow model that includes contingent interest payments under the following scenarios:

	<b>Probability</b>
4% contingent interest beginning in Q2 2024	50%

The following table provides a roll-forward of the fair value of the derivative liability related to the Term Loan (in thousands):

Balance on December 31, 2022	\$ 1,088
Change in fair value of derivative related to Term Loan	770
Balance on March 31, 2023	\$ 1,858
Change in fair value of derivative related to Term Loan	(1,022)
Balance on June 30, 2023	\$ 836
Change in fair value of derivative related to Term Loan	(184)
Balance on September 30, 2023	\$ 652

The Company is required to disclose the fair value and the level within the fair value hierarchy for financial instruments that are not measured at fair value on a recurring basis. For certain financial instruments, including accounts receivable, prepaid expenses and other current assets, accounts payable and accrued expenses, the carrying amounts approximate their fair values as of September 30, 2023 and December 31, 2022 because of their short-term nature. Cash and cash equivalents were classified as Level 1 and all other financial instruments were classified as Level 2 within the fair value hierarchy. The Company used Level 3 inputs to measure the fair value of its Term Loan Agreement. Based on these measurements, the Company concluded that the carrying value of the Term Loan Agreement approximates its fair value on September 30, 2023.

#### 4. Restricted Cash

The Company is required to maintain security deposits for its office lease agreements. On December 31, 2022, the Company had lease security deposits, invested in money market accounts, aggregating \$1.6 million. In January 2023 one of these deposits of \$1.0 million was claimed by a landlord as compensation for a lease dispute (Note 14). The remaining collateral deposits aggregated \$0.6 million as of September 30, 2023.

#### 5. Supplemental Balance Sheet Information

##### Inventories, net

Inventories, net are stated at the lower of cost or net realizable value on a first-in, first-out basis and are comprised of the following (in thousands):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Raw materials	\$ 2,442	\$ 2,004
Work-in-process	1,162	1,176
Finished goods	677	1,105
Total inventories, net	\$ 4,281	\$ 4,285

## Property and Equipment, net

Property and equipment, net consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Office and computer equipment	\$ 710	\$ 757
Software	778	783
Laboratory equipment	5,104	5,570
Furniture	198	197
Manufacturing equipment	1,109	1,454
Manufacturing tooling and molds	371	494
T2-owned instruments and components	4,061	4,052
Leased T2-owned instruments	967	1,014
Leasehold improvements	3,608	3,784
Construction in progress	—	685
	<u>16,906</u>	<u>18,790</u>
Less accumulated depreciation and amortization	(14,864)	(14,257)
Property and equipment, net	<u>\$ 2,042</u>	<u>\$ 4,533</u>

Construction in progress is primarily comprised of equipment that has not been placed in service. T2-owned instruments and components is primarily comprised of instruments that will be used for internal research and development, clinical studies and reagent rental agreement with customers. Depreciation expense, a component of cost of product revenue, from instruments under the T2-owned reagent rental pool was \$0.1 million for the three months ended September 30, 2023 and immaterial for the three months ended September 30, 2022. Depreciation expense from instruments under the T2-owned reagent rental pool was \$0.2 million and \$0.1 million for the nine months ended September 30, 2023 and 2022, respectively.

Total depreciation expense for T2-owned instruments used for internal research and development and clinical studies is recorded as a component of research and development expense. Depreciation and amortization expense of \$0.1 million and \$0.3 million was charged to operations for the three months ended September 30, 2023 and 2022, respectively. Depreciation and amortization expense of \$0.8 million was charged to operations for the nine months ended September 30, 2023 and 2022.

For the three months ended September 30, 2023, we determined a triggering event occurred that required us to evaluate our long-lived assets for impairment. The triggering event was the reassessment of the Company's sales demand forecast. We evaluated our long-lived assets by our two asset groups, which are T2-owned assets that are placed at customer sites as rental instruments and all other assets which support the Company's product research and manufacturing. As a result of the evaluation, the Company recorded impairment charges for T2-owned non-lease instruments and reagent manufacturing assets. T2-owned non-lease instruments were evaluated based on average historical sale prices for refurbished instruments. Reagent manufacturing assets were evaluated based on estimated cash flows from projected reagent test sales using historical margins and commission rates. The Company recorded a total loss on impairment of property and equipment of \$2.5 million for the three and nine months ended September 30, 2023.

## Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Accrued payroll and compensation	\$ 3,230	\$ 2,930
Accrued clinical trial and development expenses	731	1,097
Accrued professional services	568	1,626
Accrued interest	—	1,009
Other accrued expenses	425	607
Total accrued expenses and other current liabilities	<u>\$ 4,954</u>	<u>\$ 7,269</u>

Accrued professional services on December 31, 2022 includes a \$1.0 million estimated liability related to the Billerica, Massachusetts lease (Note 14).

## 6. Notes Payable

### *Term Loan Agreement*

In December 2016, the Company entered into the Term Loan Agreement with CRG. The Company initially borrowed \$40.0 million under the Term Loan Agreement and had the ability to borrow an additional \$10.0 million upon receiving specified clearance for the marketing of T2Bacteria by April 30, 2018 (the "Approval Milestone"). The Company agreed to pay (1) a financing fee based on the amount of principal drawn and (2) a final payment fee based on the principal outstanding upon repayment. The debt discount related to the financing fee and the fees paid to CRG are being amortized over the loan term as interest expense. The final payment fee is accrued as interest expense and is classified consistent with the classification of the Term Loan.

The Term Loan's principal is prepayable at any time partially or in full without a prepayment penalty. Borrowings are collateralized by a lien on substantially all Company assets, including intellectual property. The Term Loan Agreement provides for affirmative and negative covenants, including a requirement to maintain a minimum cash balance of \$5.0 million. The Term Loan Agreement includes a subjective acceleration clause whereby an event of default, including a material adverse change in the business, operations, or conditions (financial or otherwise), could result, at CRG's discretion, in the acceleration of the obligations under the Term Loan Agreement. Under certain circumstances, a default interest rate of an additional 4.0% per annum may apply, at CRG's discretion, on all outstanding obligations during the occurrence and continuance of an event of default.

The Term Loan originally had a six-year term, with three years of interest-only payments accruing at a fixed rate of 12.5%, of which 4.0% could be paid in-kind by increasing the principal balance. After achievement of the Approval Milestone, such rates would be reduced and a fourth year of interest-only payments would be granted, after which quarterly payments of principal and interest would be owed through the December 30, 2022 maturity date. Upon achievement of certain performance metrics, the loan would be converted to interest-only until its maturity, at which time all unpaid principal and interest would be due and payable.

In connection with the Term Loan Agreement, the Company issued warrants to CRG to purchase a total of 105 shares of the Company's common stock, exercisable any time prior to December 30, 2026.

### *Amendments*

The Term Loan Agreement has been amended nine times. As a result of those amendments, certain terms of the Term Loan have been revised as follows:

- In 2018, upon the Company's achievement of the Approval Milestone, interest on borrowings began accruing at 11.50% per year, 8% of which is payable in cash quarterly and 3.5% of which is deferred and added to principal until maturity.
- In 2019:
  - The final payment fee was increased from 8% to 10% of the principal outstanding upon repayment.
  - The Company issued additional warrants to CRG to purchase 113 shares of its common stock, exercisable any time prior to September 9, 2029 at an exercise price of \$7,750.00 per share, with provisions for termination upon a change of control or a sale of all or substantially all of the assets of the Company (these warrants, along with the 105 warrants previously issued to CRG, are collectively referred to as the "CRG Warrants").
  - The Company reduced the exercise price for the warrants previously issued to CRG to \$7,750.00.
- In 2022, the principal maturity date was extended to December 30, 2024, and the Term Loan's interest-only payment period was extended until that maturity date.
- In 2023:
  - The Company and CRG entered into a waiver and consent that reduced the minimum liquidity covenant to \$500,000 until December 31, 2023 (see discussion below regarding the subsequent event).
  - CRG waived certain specified events of default associated with the Company's issuance of shares of Series A Redeemable Convertible Preferred Stock in August 2022 and the subsequent redemption (See Note 8).
  - Subsequent to September 30, 2023, the interest-only period and maturity of the Term Loan were extended to December 31, 2025 and the \$500,000 liquidity covenant was made permanent (See Note 15).

In July 2023, CRG canceled \$10.0 million of the Term Loan's principal in exchange for 483,457 shares of common stock and 93,297 shares of Series B Convertible Preferred Stock.

The warrants to purchase 218 shares of the Company’s common stock remain outstanding on September 30, 2023. There were no covenant violations during the three and nine months ended September 30, 2023.

Amendments made in February 2022 and November 2022 and the partial principal cancellation in July 2023 were accounted for as troubled debt restructurings. For all restructurings, at the time of the restructuring the future undiscounted cash outflows required under the amended agreement exceeded the carrying value of the debt and no gain was recognized as a result of the restructurings. The effects of each restructuring were accounted for prospectively.

*Classification and Subsequent Event*

The Term Loan Agreement with CRG was classified as a non-current liability on December 31, 2022. In May 2023, the Company received a modification and waiver reducing the Term Loan’s minimum cash covenant from \$5.0 million to \$500,000 until December 31, 2023. In addition, in October 2023, the interest-only period and maturity of the Term Loan were extended to December 31, 2025, and the \$500,000 liquidity covenant was made permanent. Because management believes it is probable that the Company will not be able to comply with the covenant through September 30, 2024 unless additional funds are raised, the Company concluded that the Term Loan and related liabilities should be classified as current on September 30, 2023.

*Future Payments*

Future principal payments on the notes payable are as follows (in thousands):

	September 30, 2023	December 31, 2022
Term Loan Agreement including PIK interest, before unamortized discount and issuance costs	\$ 42,910	\$ 53,453
Less: unaccrued paid-in-kind interest	(1,857)	(3,647)
Less: unamortized discount and deferred issuance costs	(146)	(155)
Total notes payable	<u>\$ 40,907</u>	<u>\$ 49,651</u>

**7. Preferred Stock**

**Series A Redeemable Preferred Stock**

On July 5, 2023, the Company issued Series A Redeemable Preferred Stock (the “Series A Preferred Stock”) to help effect a Reverse Stock Split Proposal. Subject to the terms and conditions of a Securities Purchase Agreement, the Company agreed to issue and sell to CRG 1,000 shares of newly designated Series A Preferred Stock, par value \$0.001 per share, for a total purchase price of \$100.00. A “Reverse Stock Split Proposal” means any proposal approved by the Company’s Board of Directors and submitted to the Company’s stockholders to adopt an amendment(s) to the Company’s Amended and Restated Certificate of Incorporation to combine the outstanding shares of common stock into a smaller number of shares of common stock at a ratio to be specified.

*Voting Rights*

Shares of the Series A Preferred Stock had the right to vote only on any Reverse Stock Split Proposal and as may have been required by law. The Series A Preferred Stock represented an aggregate of 400,000,000 votes, and CRG agreed to vote in the same proportion as shares of common stock of the Company were voted on any Reverse Stock Split Proposal.

*Redemption*

The Series A Preferred Stock were redeemable (i) at any time if such redemption was ordered by the Board of Directors in its sole discretion, automatically and effective on such time and date specified by the Board of Directors in its sole discretion, or (ii) automatically immediately following the approval by the stockholders of the Company of a Reverse Stock Split Proposal at a redemption price of \$100.00. On September 15, 2023, the Company’s stockholders voted to approve an amendment to the Company’s Amended and Restated Certificate of Incorporation to effect a reverse stock split of the Company’s common stock, par value \$0.001 per share, at a reverse split ratio ranging from any whole number between and including 1-for-50 and 1-for-150, with the exact ratio to be determined

at the discretion of the Board of Directors of the Company. As a result of that stockholder vote, the Series A Preferred Stock was redeemed on September 15, 2023, for \$100. Upon its redemption, the Company's Series A Preferred Stock ceased to be outstanding.

### **Series B Convertible Preferred Stock**

On July 3, 2023, in conjunction with an agreement it reached with CRG to cancel \$10.0 million of its Term Loan principal, the Company issued to CRG (i) an aggregate of 483,457 shares of common stock at a purchase price of \$7.06 per share for a total purchase price of \$3.4 million, and (ii) an aggregate of 93,297 shares of newly designated Series B Convertible Preferred Stock (the "Series B Preferred Stock"), par value \$0.001 per share, at a purchase price of \$70.60 per share (the "Stated Value") for a total purchase price of \$6.6 million.

#### *Dividends*

Holders of Series B Preferred Stock are entitled to receive dividends on such shares (other than common stock dividends) equal (on an as-if-converted-to-common-stock basis) to and in the same form as dividends actually paid on shares of the common stock when, as and if such dividends are paid on shares of the common stock. No other dividends shall be paid on shares of Series B Preferred Stock. All declared but unpaid dividends on shares of Series B Preferred Stock will increase the Stated Value of such shares, but when such dividends are actually paid any such increase in the Stated Value will be rescinded.

#### *Voting Rights*

Except as may be required by law, the Series B Preferred Stock has no voting rights. However, as long as any shares of Series B Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding shares of the Series B Preferred Stock, (i) alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock, (ii) increase or decrease (other than by conversion) the number of authorized shares of Series B Preferred Stock, or (iii) enter into any agreement with respect to any of the foregoing.

#### *Liquidation Preference*

The Series B Preferred Stock ranks (i) senior to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms junior to any Series B Preferred Stock (collectively, the "Junior Securities"); (ii) on parity with the common stock; (iii) on parity with any class or series of capital stock of the Company hereafter created specifically ranking by its terms on parity with the Series B Preferred Stock (together with the common stock, the "Parity Securities"); and (iv) junior to any class or series of capital stock of the Company hereafter created specifically ranking by its terms senior to any Series B Preferred Stock ("Senior Securities"), in each case, as to distributions of assets upon liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily (a "Liquidation"). No Junior Securities, Parity Securities or Senior Securities existed at September 30, 2023.

In a Liquidation, the Series B Preferred Stockholder will, subject to the prior and superior rights of the holders of any Senior Securities, be entitled to receive, in preference to any distributions of any of the assets or surplus funds of the Company to the holders of the Junior Securities and pari passu with any distribution to the holders of Parity Securities, an equivalent amount of any distributions as would be paid on the common stock underlying the Series B Preferred Stock, determined on an as-converted basis (without regard to any limitations on conversion), plus an additional amount equal to any dividends declared but unpaid on such shares, before any payments shall be made or any assets distributed to holders of any class of Junior Securities.

#### *Conversion Rights*

Each share of Series B Preferred Stock is convertible, at any time and from time to time from and after the Reverse Split Amendment has been filed with the Secretary of State of the State of Delaware, at the option of the holder thereof, into a number of shares of common stock equal to the product of the Conversion Ratio (which is the \$70.60 Stated Value of such shares divided by the \$7.06 Conversion Price, subject to adjustment) and the number of shares of Series B Preferred Stock to be converted. The Reverse Split Amendment was filed on October 12, 2023. The conversion feature is subject to certain beneficial ownership limitations. The Conversion Price also is subject to adjustment for stock dividends and stock splits.

## **8. Warrants**

#### *Series A Warrant*

On August 15, 2022, the Company issued an aggregate of 3,000 shares of Series A Redeemable Convertible Preferred Stock with a par value of \$0.001 per share and the Series A Warrant to purchase up to an aggregate of 428 shares of common stock of the Company at an exercise price of \$750.00 per share (such number of shares and exercise price are adjusted for the reverse stock split described in Note 2) for an aggregate subscription amount equal to \$0.3 million, before deducting estimated offering expenses payable by the

Company. In the fourth quarter of 2022, the Series A Redeemable Convertible Preferred Stock was redeemed. The Series A Warrant became exercisable on February 15, 2023 and expires on February 15, 2028. The Series A Warrant contains certain anti-dilution provisions to protect the holder.

On February 17, 2023, the Company issued and sold shares of common stock, pre-funded warrants to purchase common stock and warrants to purchase common stock to an underwriter pursuant to an underwriting agreement (see discussion below). The terms of that offering triggered an adjustment to the exercise price of the Series A Warrant to \$54.00 effective as of February 17, 2023.

The Company is required to measure the Series A Warrant at fair value at inception and in subsequent reporting periods with changes in fair value recognized in change in fair value of warrant liabilities in the period of change in the condensed consolidated statements of operations and comprehensive loss. The fair value of the liability related to the Series A Warrant at inception was \$0.4 million. The Series A Warrant was not exercised as of September 30, 2023 and remains outstanding. The change in fair value during the three and nine months ended September 30, 2023 was immaterial.

#### *Pre-Funded Warrants and Common Stock Warrants*

On February 17, 2023, the Company sold 90,185 shares of \$0.001 par value common stock, 20,925 Pre-Funded Warrants and 222,222 Common Stock Warrants through an offering underwritten by Craig-Hallum Capital Group LLC. Each of the shares and Pre-Funded Warrants were sold in combination with an accompanying Common Stock Warrant to purchase two shares of the Company's common stock. The combined purchase price for each share and accompanying Common Stock Warrant is \$108.00, and for each Pre-Funded Warrant and accompanying Common Stock Warrant is \$107.90, which was equal to the combined purchase price for each share and accompanying Common Stock Warrant sold in the offering, minus the Pre-Funded Warrant's exercise price per share of \$0.10.

The total proceeds of \$12.0 million from the February 17, 2023 offering were allocated between the common stock, Pre-Funded Warrants and Common Stock Warrants. Because the Common Stock Warrants are liability-classified, an amount of proceeds equal to the fair value of the liability were first allocated to the Common Stock Warrants. The remaining proceeds were allocated on a relative fair value basis to the common stock and the Pre-Funded Warrants and recognized in additional paid-in capital. Total issuance costs related to the offering of \$1.1 million were allocated in a similar manner as the total proceeds. As a result, approximately \$0.7 million of issuance costs were expensed at the issuance date and recognized as other expenses in the condensed consolidated statements of operations and comprehensive loss. The remaining issuance costs were recognized within additional paid-in-capital as a reduction to the proceeds received for the common stock and Pre-Funded Warrants.

The Pre-Funded Warrants had (i) an exercise price per share of common stock equal to \$0.10 or (ii) a cashless exercise option, with the number of shares received determined according to the formula set forth in the Pre-Funded Warrant. The Pre-Funded Warrants were exercisable upon issuance and did not expire. The exercise price and the number of shares of common stock issuable upon exercise of the Pre-Funded Warrants was subject to adjustment in the event of certain stock dividends and distributions, splits, combinations, reclassifications or similar events affecting the common stock. Holders of Pre-Funded Warrants participated in any distributions to common stockholders as if the holders had exercised the Pre-Funded Warrants.

The Company determined that the Pre-Funded Warrants were indexed to the Company's own stock and met the requirements for equity classification. Proceeds allocated to such warrants totaled \$0.8 million. No Pre-Funded Warrants remain outstanding on September 30, 2023.

The Common Stock Warrants have (i) an exercise price per share of common stock equal to \$108.00 per share, (ii) a cashless exercise option if, at the time of exercise, there is no effective registration statement registering or the prospectus is not available for the issuance of the warrant shares to the holder, with the number of shares received determined according to the formula set forth in the Common Stock Warrant or (iii) an alternate cashless exercise option, which became exercisable on March 15, 2023, equal to the product of (x) the aggregate number of shares of common stock that would be issuable upon a cash exercise and (y) 0.5. The Common Stock Warrants are exercisable upon issuance and expire on February 17, 2028. The exercise price and the number of shares of common stock issuable upon exercise of the Common Stock Warrants is subject to adjustment in the event of certain stock dividends and distributions, splits, combinations, reclassifications or similar events affecting the common stock. Holders of the Common Stock Warrants will participate in any distributions to common stockholders as if the holders had exercised the Common Stock Warrants. The Common Stock Warrants are redeemable upon the occurrence of a Fundamental Transaction (as defined in the Common Stock Purchase Warrant Agreement).

The Company determined that the Common Stock Warrants are not indexed to the Company's own stock and therefore are precluded from equity classification. In addition, the Common Stock Warrant liability meets the definition of a derivative instrument. The Common Stock Warrants will be measured at fair value at inception and in subsequent reporting periods with changes in fair value recognized in income as change in fair value of warrant liabilities in the period of change in the condensed consolidated statements of



operations and comprehensive loss. The fair value of the Common Stock Warrant liability at inception was \$7.6 million. During the third quarter of 2023, 1,851 Common Stock Warrants were exercised pursuant to the cashless exercise option resulting in the issuance of 925 shares of common stock. On September 30, 2023, 66,665 Common Stock Warrants remain outstanding. The change in fair value after issuance consisted of an expense of \$0.9 million and a reduction of expense of \$5.0 million during the three and nine months ended September 30, 2023, respectively.

The Company has also issued certain warrants in conjunction with its Term Loan Agreement. See Note 6.

## **9. Stockholders' Deficit**

### *Preferred Stock*

The Company has authorized the issuance of up to 10,000,000 shares of \$0.001 par value preferred stock. The Board of Directors will determine the preferred stock's rights, preferences, privileges, restrictions, voting rights, dividend rights, conversion rights, redemption privileges, and liquidation preferences.

### *Common Stock*

The Company has authorized the issuance of 400,000,000 shares of \$0.001 par value common stock. Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to the prior rights of holders of all classes of stock outstanding.

### *Equity Distribution Agreement*

On March 31, 2021, the Company entered into an Equity Distribution Agreement with Canaccord Genuity (the "Equity Distribution Agreement"), through which the Company may sell up to \$75.0 million of gross proceeds of common stock. In July 2023, the Company filed an amendment to the prospectus supplement relating to the offer and sale of shares under the Equity Distribution Agreement to increase the maximum amount of shares that the Company may sell pursuant to its Equity Distribution Agreement with Canaccord Genuity by \$65 million. At the time of the amendment, the Company had sold shares of its common stock for gross proceeds of \$71.3 million.

Canaccord, as agent, sells shares at the Company's request through "at the market" offerings, subject to shelf limitations, in negotiated transactions at market prices prevailing at the time of sale or at prices related to such prevailing market prices, or by any other method permitted by law, including negotiated transactions. Canaccord receives a fee of 3% of gross proceeds of common stock sold under the Equity Distribution Agreement for its services. Legal and accounting fees from sales under the Equity Distribution Agreement are charged to share capital. Under the Equity Distribution Agreement, the Company sold 1,015,385 shares of common stock during the three months ended September 30, 2023 for net proceeds of \$21.7 million, and 30,805 shares of common stock during the three months ended September 30, 2022 for net proceeds of \$22.2 million. Under the Equity Distribution Agreement, the Company sold 3,167,968 shares of common stock during the nine months ended September 30, 2023 for net proceeds of \$41.0 million, and 36,687 shares of common stock during the nine months ended September 30, 2022 for net proceeds of \$28.1 million.

## **10. Stock-Based Compensation**

### **Stock Incentive Plans**

#### *2006 Stock Incentive Plan*

The Company's Amended and Restated 2006 Employee, Director and Consultant Stock Plan ("2006 Plan") was established for granting stock incentive awards to directors, officers, employees and consultants of the Company. Upon closing of the Company's IPO in August 2014, the Company ceased granting stock incentive awards under the 2006 Plan. The 2006 Plan provided for the grant of incentive and non-qualified stock options and restricted stock grants as determined by the Company's board of directors. Under the 2006 Plan, stock options were generally granted with exercise prices equal to or greater than the fair value of the common stock as determined by the board of directors, expired no later than 10 years from the date of grant, and vested over various periods not exceeding 4 years.

## 2014 Stock Incentive Plan

The Company's 2014 Incentive Award Plan ("2014 Plan", and together with the 2006 Plan, the "Stock Incentive Plans"), which was amended and restated in October 2023, provides for the issuance of shares of common stock in the form of stock options, awards of restricted stock, awards of restricted stock units, performance awards, dividend equivalent awards, stock payment awards and stock appreciation rights to directors, officers, employees and consultants of the Company. Since the establishment of the 2014 Plan, the Company has primarily granted stock options and restricted stock units. Generally, stock options are granted with exercise prices equal to or greater than the fair value of the common stock on the date of grant, expire no later than 10 years from the date of grant, and vest over various periods not exceeding 4 years.

The number of shares reserved for future issuance under the 2014 Plan is the sum of (1) 164 shares, (2) any shares that were granted under the 2006 Plan which are forfeited, lapse unexercised or are settled in cash subsequent to the effective date of the 2014 Plan and (3) an annual increase on the first day of each calendar year beginning January 1, 2015 and ending on January 1, 2026, equal to the lesser of (A) 4% of the shares outstanding (on an as-converted basis) on the final day of the immediately preceding calendar year and (B) such smaller number of shares determined by the Company's board of directors; provided, however, no more than 35 million shares may be issued upon the exercise of incentive stock options. As of September 30, 2023, there were 1,962 shares available for future grant under the 2014 Plan.

## Inducement Award Plan

The Company's Amended and Restated Inducement Award Plan ("Inducement Plan"), which was adopted in March 2018 without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq listing rules ("Rule 5635(c)(4)") and most recently amended and restated in February 2023, provides for the grant of equity awards to new employees, including options, restricted stock awards, restricted stock units, performance awards, dividend equivalent awards, stock payment awards and stock appreciation rights. In accordance with Rule 5635(c)(4), awards under the Inducement Plan may only be made to a newly hired employee who has not previously been a member of the Company's Board of Directors, or an employee who is being rehired following a bona fide period of non-employment by us as a material inducement to the employee's entering into employment with us. The aggregate number of shares of common stock which may be issued or transferred pursuant to awards under the Inducement Plan is 6,925 shares. Any awards that forfeit, expire, lapse, or are settled for cash without the delivery of shares to the holder are available for the grant of an award under the Inducement Plan. Any shares repurchased by or surrendered to the Company that are returned shall be available for the grant of an award under the Inducement Plan. The payment of dividend equivalents in cash in conjunction with any outstanding award shall not be counted against the shares available for issuance under the Inducement Plan. As of September 30, 2023, there were 5,473 shares available for future grant under the Inducement Plan.

## Stock Options

The aggregate fair value of stock options granted during the nine months ended September 30, 2023 was immaterial. During the nine months ended September 30, 2022, the Company granted stock options with an aggregate fair value of \$0.6 million, which are being amortized into compensation expense over the vesting period of the options as the services are being provided.

The following is a summary of option activity under the Stock Incentive Plans and Inducement Plan (in thousands, except share and per share amounts):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding on December 31, 2022	1,674	\$ 13,855.94	5.93	\$ —
Granted	404	30.84		
Exercised	—	—		
Forfeited	(303)	1,245.82		
Cancelled	(202)	13,738.32		
Outstanding on September 30, 2023	1,573	\$ 12,749.32	6.13	\$ 3
Exercisable on September 30, 2023	1,183	\$ 16,274.86	5.28	\$ —
Vested or expected to vest on September 30, 2023	1,490	\$ 13,386.78	5.96	\$ 2

There were no options exercised in the nine months ended September 30, 2023 and 2022. The weighted-average grant date fair values of stock options granted in the nine months ended September 30, 2023 and 2022 was \$26.30 per share and \$1,758.00 per share, respectively, and were calculated using the following estimated assumptions:

	Nine Months Ended September 30,	
	2023	2022
Weighted-average risk-free interest rate	3.88%	2.27%
Expected dividend yield	—%	—%
Expected volatility	118%	106%
Expected terms	6.0 years	6.0 years

The total fair values of options that vested during the nine months ended September 30, 2023 and 2022 were \$0.8 million and \$1.4 million, respectively.

As of September 30, 2023, there was \$0.5 million of total unrecognized compensation cost related to non-vested stock options granted under the Stock Incentive Plans and Inducement Plan. Total unrecognized compensation cost will be adjusted for future changes in the estimated forfeiture rate. The Company expects to recognize that cost over a remaining weighted-average period of 1.2 years as of September 30, 2023.

### Restricted Stock Units

During the nine months ended September 30, 2023, the Company awarded restricted stock units to certain employees and directors at no cost to them. The restricted stock units, excluding any restricted stock units with market conditions, vest through the passage of time, assuming continued service. Restricted stock units are not included in issued and outstanding common stock until the underlying shares are vested and released. The fair value of the restricted stock units, at the time of the grant, is expensed on a straight-line basis. The granted restricted stock units had an aggregate fair value of \$0.2 million, which are being amortized into compensation expense over the vesting period of the restricted stock units as the services are being provided.

The following is a summary of restricted stock unit activity under the 2014 Plan and Inducement Plan:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested on December 31, 2022	2,006	\$ 4,473.87
Granted	3,799	63.24
Vested	(819)	4,658.82
Forfeited	(1,441)	444.37
Nonvested on September 30, 2023	<u>3,545</u>	<u>\$ 1,342.43</u>

As of September 30, 2023, there was \$3.1 million of total unrecognized compensation cost related to nonvested restricted stock units granted. Total unrecognized compensation cost will be adjusted for future changes in the estimated forfeiture rate. The Company expects to recognize that cost over a remaining weighted-average period of 0.9 years, as of September 30, 2023.

### Employee Stock Purchase Plan

Under the 2014 Employee Stock Purchase Plan (the “2014 ESPP”) participants may purchase the Company’s common stock during semi-annual offering periods at 85% of the lower of (i) the market value per share of common stock on the first day of the offering period or (ii) the market value per share of the common stock on the purchase date. Each participant can purchase up to a maximum of \$25,000 per calendar year in fair market value as calculated in accordance with applicable tax rules. The first offering period began on August 7, 2014. Stock-based compensation expense from the 2014 ESPP was immaterial and \$0.1 million for the three months ended September 30, 2023 and 2022, respectively. Stock-based compensation expense from the 2014 ESPP was immaterial and \$0.3 million for the nine months ended September 30, 2023 and 2022, respectively.

The 2014 ESPP, which was amended and restated effective October 2023, provides for the issuance of up to 400,000 shares of the Company’s common stock to eligible employees. On September 30, 2023, there were 128 shares available for issuance under the 2014 ESPP.

## Stock-Based Compensation Expense

The following table summarizes the stock-based compensation expense resulting from awards granted under Stock Incentive Plans, the Inducement Plan and the 2014 ESPP, that was recorded in the Company's results of operations for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of product revenue	\$ 5	\$ 64	\$ 120	\$ 309
Research and development	110	230	512	851
Selling, general and administrative	760	1,060	2,989	4,280
Total stock-based compensation expense	<u>\$ 875</u>	<u>\$ 1,354</u>	<u>\$ 3,621</u>	<u>\$ 5,440</u>

For the three and nine months ended September 30, 2023 and 2022, stock-based compensation expense capitalized as part of inventory or T2Dx Instruments and components was immaterial.

## 11. Net Loss Per Share

The Company applies the two-class method for computing earnings per share because its Series A Warrants, Pre-Funded Warrants and Common Stock Warrants are participating securities. Because the Company incurred a net loss for the three and nine months ended September 30, 2023 and 2022, and the holders of the participating securities do not have the contractual obligation to share in the losses of the Company, none of the net loss attributable to common stockholders was allocated to the participating securities when computing earnings per share. The basic and diluted net loss per share calculation includes the Series B Convertible Preferred Shares, on an if-converted basis, given that these instruments have essentially the same economic rights and privileges as the currently outstanding common stock.

The Pre-Funded Warrants allowed the holders to acquire a specified number of common shares at a nominal exercise price of \$0.10 per share and were classified as equity. Since the shares underlying the Pre-Funded Warrants were exercisable for little or no consideration, the underlying shares were considered outstanding at the issuance of the Pre-Funded Warrants for purposes of calculating the weighted-average number of shares of common stock outstanding in basic and diluted earnings per share for common stock. At September 30, 2023, none of the Pre-Funded Warrants were outstanding.

For the three and nine months ended September 30, 2022, the net loss attributable to common stockholders was increased by \$0.3 million to reflect the deemed dividend paid to holders of the Series A Redeemable Convertible Preferred Stock to accrete the carrying amount of that preferred stock to its redemption value.

The following shares were excluded from the calculation of diluted net loss per share applicable to common stockholders, prior to the application of the treasury stock or if-converted methods, because their effect would have been anti-dilutive for the periods presented:

	Three and Nine Months Ended September 30,	
	2023	2022
Options to purchase common shares	1,573	1,932
Restricted stock units	3,545	2,243
Term Loan Warrants	218	218
Series A Warrant	428	428
Common Stock Warrants	66,665	—
Total	<u>72,429</u>	<u>4,821</u>

The Series A Redeemable Convertible Preferred Stock was redeemed on October 26, 2022.

Note that all net loss per share computations for all periods presented reflect the changes in the number of shares resulting from the 1-for-100 reverse stock split that was approved by shareholders on September 15, 2023 and became effective as of October 12, 2023.

## 12. U.S. Government Contract

In September 2019, BARDA awarded the Company a milestone-based product development contract, with an initial value of \$6.0 million, and a potential value of up to \$69.0 million, which was amended with Option 3 to \$62.0 million due to a change in scope, if BARDA exercises all contract options (the “U.S. Government Contract”). BARDA operates within the Office of the Assistant Secretary for Preparedness and Response (“ASPR”) at the U.S. Department of Health and Human Services (“HHS”). If BARDA exercises and the Company completes all options, the Company’s management believes it will enable a significant expansion of the Company’s current portfolio of diagnostics for sepsis-causing pathogen and antibiotic resistance genes. In September 2020, BARDA exercised the first contract option valued at \$10.5 million. In September 2021, BARDA exercised an option valued at approximately \$6.4 million.

In April 2021, BARDA agreed to accelerate product development by modifying the contract to advance future deliverables into the currently funded Option 1 of the BARDA contract for the T2Biothreat™ Panel, the T2Resistance Panel, the T2NxT Instrument, and the T2AMR Panel. The modification does not change the overall total potential value of the BARDA contract.

On March 31, 2022, the Company announced that BARDA had exercised Option 2B under the existing multiple-year cost-share contract between BARDA and the Company and is providing an additional \$4.4 million in funding to the Company.

The option exercise occurred simultaneously on March 31, 2022 with a modification to the BARDA contract to make immaterial changes to, among other things, the statement of work.

In September 2022, BARDA exercised Option 3 and agreed to provide an additional \$3.7 million in funding for the multiple-year cost-share contract. The additional funding under Option 3 will be used to advance the U.S. clinical trials for the T2Biothreat Panel and T2Resistance Panel, and to file submissions to the FDA for U.S. regulatory clearance.

The Company recorded contribution revenue of \$0.0 million and \$1.0 million for the three months ended September 30, 2023 and 2022, respectively, under the BARDA contract. The Company recorded contribution revenue of \$0.4 million and \$7.8 million for the nine months ended September 30, 2023 and 2022, respectively, under the BARDA contract.

The Company had no outstanding accounts receivable on September 30, 2023 and unbilled accounts receivable of \$0.7 million on December 31, 2022, respectively, under the BARDA contract.

The BARDA contract expired in September 2023.

## 13. Leases

### *Operating Leases*

The Company leases certain office space, laboratory space and manufacturing space. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. The Company does not recognize right-of-use assets or lease liabilities for leases determined to have a term of twelve months or less. The Company has elected to account for the lease and associated non-lease components as a combined lease component.

In August 2010, the Company entered into an operating lease for office and laboratory space at its headquarters in Lexington, Massachusetts. The lease commenced in January 2011, with the Company providing a security deposit of \$400,000. In accordance with the operating lease agreement, the Company reduced its security deposit to \$160,000 in January 2018, which is recorded as restricted cash in the condensed consolidated balance sheets. In March 2017, the Company entered into an amendment to extend the term to December 2021. In October 2020, the Company entered into an amendment to extend the term to December 31, 2028. In accordance with the October 2020 amendment, the Company increased its security deposit to \$420,438, which is classified as restricted cash on September 30, 2023 and December 31, 2022.

In May 2013, the Company entered into an operating lease for additional office, laboratory and manufacturing space in Wilmington, Massachusetts. In August 2018, the Company entered into an amendment to extend the term to December 2020. In October 2020, the Company entered into an amendment to extend the term to December 31, 2022. In September 2022, the Company entered into an amendment to extend the term to December 31, 2024.

In November 2014, the Company entered into a lease for additional laboratory space in Lexington, Massachusetts. The lease term commenced in April 2015 and extended for six years. The rent expense, inclusive of the escalating rent payments, is recognized on a straight-line basis over the lease term. As an incentive to enter into the lease, the landlord paid approximately \$1.4 million of the \$2.2 million space build-out costs. The unamortized balance of the lease incentive as of January 1, 2019 was reclassified as a reduction to

the initial recognition of the right-of-use asset related to this lease. In connection with this lease agreement, the Company paid a security deposit of \$281,000, which was recorded as a component of both prepaid expenses and other current assets and other assets in the condensed consolidated balance sheets on December 31, 2019. In October 2020, the Company entered into an amendment to extend the term of the lease to October 31, 2025. In accordance with this amendment, the Company paid a replacement security deposit of \$130,977, which is classified as restricted cash on September 30, 2023 and December 31, 2022 and received the initial \$281,000 security deposit in return.

In September 2021, the Company entered into a lease for office, research, laboratory and manufacturing space in Billerica, Massachusetts. The lease had a term of 126 months from the commencement date. The Company opened a money market account for \$1.0 million, which represents collateral as a security deposit for this lease and is classified as restricted cash on December 31, 2022 and 2021. Occupancy of the building had been delayed due to disagreement between the Company and the landlord as to the parties' obligations under the lease agreement. Included within accrued expenses and other current liabilities on the balance sheet on December 31, 2022 is a \$1.0 million estimated liability pertaining to this lease. Subsequent to December 31, 2022, the Company was notified that the landlord terminated the lease because of the Company's alleged failure to perform its obligations under the Lease in a timely manner and the Company's alleged breach of the covenant of good faith and fair dealing and exercised its right to draw upon the \$1.0 million security deposit. In addition, the landlord is seeking damages for unpaid rent, brokerage fees, transaction costs, attorney's fees and court costs. The Company filed a response to the landlord's complaint and a counterclaim alleging that the landlord breached its obligations under the contract and unlawfully drew on the security deposit, in addition to breaching its covenants of good faith and fair dealing, making fraudulent misrepresentations, and engaging in deceptive and unfair trade practices. The matter is in dispute (Note 14). The Company intends to vigorously defend itself and pursue all legal remedies available under applicable laws. The Company believes it will continue to meet its current manufacturing needs with its operations at its Lexington and Wilmington, Massachusetts facilities.

Operating leases are amortized over the lease term and included in costs and expenses in the condensed consolidated statement of operations and comprehensive loss. Variable lease costs are recognized in costs and expenses in the condensed consolidated statement of operations and comprehensive loss as incurred. Variable lease costs may include costs such as common area maintenance, utilities, real estate taxes or other costs. Expenses related to short-term leases were not material for the periods presented.

## **14. Commitments and Contingencies**

### *Contingencies*

In September 2021, the Company entered into a lease for office, research, laboratory and manufacturing space in Billerica, Massachusetts. The lease had a term of 126 months from the commencement date. The Company opened a money market account for \$1.0 million, which represents collateral as a security deposit for this lease and is classified as restricted cash on December 31, 2022 and 2021. Occupancy of the building had been delayed due to disagreement between the Company and the landlord as to the parties' obligations under the lease agreement. Included within accrued expenses and other current liabilities on the balance sheet on December 31, 2022 is a \$1.0 million estimated liability pertaining to this lease. Subsequent to December 31, 2022, the Company was notified that the landlord terminated the lease because of the Company's alleged failure to perform its obligations under the Lease in a timely manner and the Company's alleged breach of the covenant of good faith and fair dealing and exercised its right to draw upon the \$1.0 million security deposit. In addition, the landlord is seeking damages for unpaid rent, brokerage fees, transaction costs, attorney's fees and court costs. The Company filed a response to the landlord's complaint and a counterclaim alleging that the landlord breached its obligations under the contract and unlawfully drew on the security deposit, in addition to breaching its covenants of good faith and fair dealing, making fraudulent misrepresentations, and engaging in deceptive and unfair trade practices. The Company intends to vigorously defend itself and pursue all legal remedies available under applicable laws. The Company believes it will continue to meet its current manufacturing needs with its operations at its Lexington and Wilmington, Massachusetts facilities.

### *License Agreement*

In 2006, the Company entered into a license agreement with a third party, pursuant to which the third party granted the Company an exclusive, worldwide, sublicensable license under certain patent rights to make, use, import and commercialize products and processes for diagnostic, industrial and research and development purposes. The Company agreed to pay an annual license fee ranging from \$5,000 to \$25,000 for the royalty-bearing license to certain patents. The Company also issued a total of 16 shares of common stock pursuant to the agreement in 2006 and 2007, which were recorded at fair value at the date of issuance. The Company is required to pay royalties on net sales of products and processes that are covered by patent rights licensed under the agreement at a percentage ranging between 0.5% - 3.5%, subject to reductions and offsets in certain circumstances, as well as a royalty on net sales of products that the Company sublicenses at 10% of specified gross revenue. Royalties that became due under this agreement for the three months ended September 30, 2023, and 2022 were immaterial. Royalties that became due under this agreement for the nine months ended September 30, 2023 and 2022 were immaterial and \$0.1 million, respectively.

### *Letter Agreements*

On March 30, 2023, the Company entered into agreements with Mr. Sprague, Mr. Giffin, and Mr. Gibbs that provide for the payment of retention bonuses, subject to the respective executive's continued employment through such payment dates, of \$80,000 each, to be paid in two installments of \$40,000. The first installment, of \$40,000 each, was paid in July 2023, and the second installment, of \$40,000 each, will be paid in November 2023.

### **15. Subsequent Events**

On October 18, 2023, the Term Loan Agreement with CRG was amended to extend both the interest-only period and the maturity date by one year from December 30, 2024 to December 31, 2025. The amendment also permanently reduced the minimum liquidity covenant from \$5.0 million to \$500,000.

On October 31, 2023, the Company received written notice from the Nasdaq informing the Company that it has regained compliance with the Nasdaq Capital Market rule to maintain a \$1.00 minimum bid price (the "Minimum Bid Price Rule").

### *Equity Distribution Agreement*

Subsequent to September 30, 2023, the Company sold 131,854 shares of common stock for net proceeds of \$0.8 million under the Equity Distribution Agreement.

### *Reverse Stock Split*

On September 15, 2023, at the Company's annual meeting of stockholders, the Company's stockholders approved an amendment to the Company's restated certificate of incorporation to effect a reverse stock split of the Company's common stock. On October 12, 2023, the Company announced that its Board of Directors had approved the reverse stock split at the ratio of 1 post-split share for every 100 pre-split shares, which was effective as of October 12, 2023. As a result of the reverse stock split, every 100 shares of issued and outstanding common stock of the Company were automatically reclassified and combined into 1 share of common stock, with any fractional interest in shares being paid out in cash. Immediately after the reverse stock split became effective, the Company had approximately 3,918,481 shares of common stock issued and outstanding. As a result of the reverse split, there was an adjustment of 62 shares for rounding. All common stock amounts and references have been retroactively adjusted for all figures presented to reflect this split unless specifically stated otherwise. The conversion feature of the Series B Convertible Preferred Stock became exercisable when the Reverse Split Amendment was filed with the Secretary of State of the State of Delaware on October 12, 2023.

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

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding our future results of operations and financial position, business strategy, prospective products and product candidates, their expected performance and impact on healthcare costs, marketing clearance from the FDA, reimbursement for our product candidates, research and development costs, timing of regulatory filings, timing and likelihood of success, plans and objectives of management for future operations, availability of raw materials and components for our products, availability of funding for such operations and future results of anticipated products, are forward-looking statements. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements are subject to numerous risks, including, without limitation, the following:

- our ability to continue as a going concern;
- our ability to maintain compliance with Nasdaq listing requirements;
- our status as an early-stage commercial company;
- our expectation to incur losses in the future and our ability to utilize limited net operating losses against future profitability, if any;
- the market acceptance of our technology;
- our ability to timely and successfully develop and commercialize our existing products and future product candidates;
- the length and variability of our anticipated sales and adoption cycle;
- our ability to gain the support of hospitals, government agencies, and key thought leaders and publish the results of our clinical studies in peer-reviewed journals;
- our ability to successfully manage our growth;
- our future capital needs and our ability to raise additional funds;
- the performance of our diagnostics;
- our ability to compete in the highly competitive diagnostics market;
- our ability to obtain marketing clearance from the U.S. Food and Drug Administration or regulatory clearance or certifications for new product candidates in other jurisdictions, including IVDR in the European Union;
- federal, state, and foreign regulatory requirements, including diagnostic product reimbursements and FDA regulation of our products and product candidates;
- our ability to protect and enforce our intellectual property rights, including our trade secret-protected proprietary rights in our technology;
- our ability to recruit, train and retain key personnel;
- our dependence on third parties;
- manufacturing and other product risks, including unforeseen interruptions in the manufacturing of our products and backlogs in order fulfillment;
- the impact of cybersecurity risks, including ransomware, phishing, and data breaches on our information technology systems;
- the impact of short sellers and day traders on our share price; and



- *the impact of litigation, including our ability to adequately resolve current legal claims.*

*These forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q. Unless required by U.S. federal securities laws, we do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made or to conform these statements to actual results. The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report on Form 10-Q, and Part I, Item 1A and Part II, Item 7A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, as updated by Part II, Item 1A—“Risk Factors” in this Quarterly Report on Form 10-Q.*

*You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2022.*

## **Business Overview**

### **Overview**

We are an in vitro diagnostics company and leader in the rapid detection of sepsis-causing pathogens and antibiotic resistance genes. We are dedicated to improving patient care and reducing the cost of care by helping clinicians effectively treat patients faster than ever before. We have developed innovative products that offer a rapid, sensitive and simple alternative to existing diagnostic methodologies. We are developing a broad set of applications aimed at improving patient outcomes, reducing the cost of healthcare, and lowering mortality rates by helping medical professionals make earlier targeted treatment decisions. Our technology enables rapid detection of pathogens, biomarkers and other abnormalities in a variety of unpurified patient sample types, including whole blood, plasma, serum, saliva, sputum and urine, and can detect cellular targets at limits of detection as low as one colony forming unit per milliliter, or CFU/mL. We are currently targeting a range of critically underserved healthcare conditions, focusing initially on those for which a rapid diagnosis will serve an important dual role – saving lives and reducing costs. Our current development efforts primarily target sepsis, bioterrorism, and Lyme disease, which represent areas of significant unmet medical need in which rapid detection and targeted treatment could lead to improved patient outcomes.

Our primary commercial products include the T2Dx<sup>®</sup> Instrument, the T2Candida<sup>®</sup> Panel, the T2Bacteria<sup>®</sup> Panel, and the T2Resistance<sup>®</sup> Panel.

We have never been profitable and have incurred net losses in each year since inception. Our accumulated deficit on September 30, 2023 was \$574.0 million and we have experienced cash outflows from operating activities over the past years. Substantially all of our net losses resulted from costs incurred in connection with our research and development programs and from selling, general and administrative costs associated with our operations. We have incurred significant commercialization expenses related to product sales, marketing, manufacturing and distribution of our FDA-cleared products, the T2Dx Instrument, T2Candida Panel and T2Bacteria Panel. In addition, we will continue to incur significant costs and expenses as we continue to develop other product candidates, improve existing products and maintain, expand and protect our intellectual property portfolio. We may seek to fund our operations through public equity or private equity or debt financing, as well as other sources. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements if and when needed would have a negative impact on our business, results of operations and financial condition and our ability to develop, commercialize and drive adoption of the T2Dx Instrument, T2Candida, T2Bacteria, T2Resistance, T2Biothreat and future products.

We are subject to a number of risks similar to other early commercial stage life science companies, including, but not limited to commercially launching our products, development and market acceptance of our product candidates, development by our competitors of new technological innovations, protection of proprietary technology, and raising additional capital.

The COVID-19 pandemic has impacted and may continue to impact the Company’s operations as the pandemic shifts to an endemic health threat. Customers have significantly reduced their purchases of the Company’s COVID-19 tests and we forecast no COVID-19 test sales in the remainder of 2023 as we have stopped manufacturing the product.

We believe that our cash and cash equivalents of \$24.3 million on September 30, 2023 will not be sufficient to fund our current operating plan through the third quarter of 2024. Certain elements of our operating plan cannot be considered probable, and in order to support our business we initiated a process to explore a range of strategic alternatives focused on maximizing value.

As part of our strategic restructuring program, we initiated a workforce reduction of nearly 30% in May 2023. Additionally, we are continuing to explore alternative strategic options, including an acquisition, merger, reverse merger, other business combination, sale of assets or licensing. We converted approximately 20% of our outstanding indebtedness into equity.

The Term Loan Agreement with CRG (See Note 6) has a minimum liquidity covenant which initially required us to maintain a minimum cash balance of \$5.0 million. In May 2023, CRG reduced the minimum liquidity covenant under the Term Loan Agreement from \$5.0 million to \$500,000 until December 31, 2023. In July 2023, the Company also converted \$10.0 million of the outstanding debt with CRG to equity. In October 2023, the Term Loan Agreement was amended to extend both the interest-only period and the maturity date by one year from December 30, 2024 to December 31, 2025, and permanently reduce the minimum liquidity covenant from \$5.0 million to \$500,000.

In September 2023, the Company's milestone-based product development contract with BARDA expired, which may impact the Company's ability to continue to fund the development of its next-generation products.

These conditions raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that the financial statements are issued. Management's plans to alleviate the conditions that raise substantial doubt include raising additional funding, delaying certain research projects and capital expenditures and eliminating certain future operating expenses in order to fund operations at reduced levels for us to continue as a going concern for a period of 12 months from the date the financial statements are issued. Management has concluded the likelihood that its plan to successfully obtain sufficient funding from one or more of these sources or adequately reduce expenditures, while reasonably possible, is less than probable. Accordingly, we have concluded that substantial doubt exists about our ability to continue as a going concern for a period of at least 12 months from the date of issuance of these condensed consolidated financial statements. See Part II, Item 1A—"Risk Factors" in this Quarterly Report on Form 10-Q.

### **Product History**

In September 2014, we received marketing authorization from the United States Food and Drug Administration, or FDA, for our first two products, the T2Dx Instrument and the T2Candida Panel, or T2Candida, which have the ability to rapidly identify the five most clinically relevant species of *Candida*, a fungal pathogen known to cause sepsis, directly from whole blood specimens. The T2Dx Instrument and T2Candida Panel were CE marked in the European Union, or EU, in July 2014.

In May 2018, we received market clearance from the FDA for the T2Bacteria<sup>®</sup> Panel, or T2Bacteria, which runs on the T2Dx Instrument and has the ability to rapidly identify five of the most common and deadly sepsis-causing bacteria directly from whole blood specimens. The T2Bacteria Panel was CE marked in the EU in June 2017.

In February 2019, our T2Resistance<sup>®</sup> Panel, or T2Resistance, was granted FDA Breakthrough Device designation and in November 2019, it was CE marked in the EU. In December 2021, we initiated a U.S. clinical trial for the T2Resistance Panel. We have completed patient enrollment in the clinical trial and we expect to file submission for FDA 510(k) clearance in the first quarter of 2024.

In June 2020, we launched the T2SARS-CoV-2 Panel, our COVID-19 molecular diagnostic test, after validation of the test pursuant to the FDA's policy permitting COVID-19 tests to be marketed prior to receipt of an Emergency Use Authorization, or EUA, subject to certain prerequisites. In August 2020, the FDA granted an EUA to the T2SARS-CoV-2 Panel for the qualitative direct detection of nucleic acid from SARS-CoV-2 in upper respiratory specimens (such as nasal, mid-turbinate, nasopharyngeal, and oropharyngeal swab specimens) and bronchoalveolar lavage specimens from individuals suspected of COVID-19 by their healthcare provider. We have experienced a decline in COVID-19 product sales tied to our T2SARS-CoV-2 Panel, and we do not anticipate additional sales of this product in 2023 as we have stopped manufacturing it.

On July 8, 2022, the T2Lyme Panel was granted FDA Breakthrough Device Designation. In November 2022, our T2Lyme Panel was awarded \$100,000 from the Lyme Innovation accelerator, or LymeX, a partnership between the U.S. Department of Health and Human Services and the Steven & Alexandra Cohen Foundation, a public-private partnership for developing a Lyme diagnostic. In September 2023, we received an additional interim award of \$75,000 and in October 2023 we submitted a progress report, which may make us eligible for an additional award of up to \$400,000.

On May 8, 2023, we filed an FDA 510(k) submission for the T2Biothreat<sup>™</sup> Panel, a product that we developed in collaboration with BARDA. The T2Biothreat Panel is a fully-automated, direct-from-blood test designed to run on the FDA-cleared T2Dx<sup>®</sup> Instrument and simultaneously detects six biothreat pathogens identified as threats by the U.S. Centers for Disease Control and Prevention, or CDC, including the organisms that cause anthrax, tularemia glanders, plague and typhus.

On July 27, 2023, the FDA informed the Company that its application for Breakthrough Device designation for the Company's *Candida auris* direct-from-blood molecular diagnostic test had been granted. The *Candida auris* test is a fully-automated,

direct-from-blood test designed to rapidly detect the *Candida auris* pathogen and to run on the FDA-cleared T2Dx Instrument. *Candida auris* (*C. auris*) is a multidrug-resistant fungal pathogen with a mortality rate of up to 60% that has been labeled as a serious global health threat by the Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO). The CDC has deemed *C. auris* as an urgent antimicrobial resistant threat, as it can be difficult to identify with standard laboratory methods, some strains are resistant to all three available classes of antifungals, it spreads easily in healthcare facilities, and can cause severe infections with high death rates. The CDC estimates the costs associated with U.S. fungal diseases, in general, are as high as \$48 billion annually, and has called on public health professionals to help lower the burden of fungal disease by continuing to raise awareness of the life-saving benefits of early detection and proper treatment.

On September 19, 2023, the Company announced that it had received 510(k) clearance from the FDA for the T2Biothreat™ Panel.

On October 12, 2023, the Company announced that it had submitted a 510(k) premarket notification to the FDA to expand the number of pathogens detected on the FDA-cleared T2Bacteria Panel to include the detection of *Acinetobacter baumannii* (*A. baumannii*). *A. baumannii* is a cause of bloodstream infections especially in critically ill patients, which can range from a benign transient bacteremia to septic shock. In a large study of nosocomial bloodstream infections, *A. baumannii* was the tenth most common pathogen and has a crude ICU mortality rate of 34.0% to 43.4%. *A. baumannii* infections typically occur in people in healthcare settings and pose risk to those who are on ventilators, have devices such as catheters, have open wounds from surgery, are in intensive care units, or have prolonged hospital stays.

## Nasdaq Compliance Update

On May 23, 2023, the Nasdaq notified the Company that its securities were subject to delisting due to non-compliance with the Minimum Bid Price Rule and to maintain a minimum value of listed securities (the “MVLS Rule”) of at least \$35 million. The Company requested a hearing with the Nasdaq and on July 6, 2023 appealed to the Nasdaq Hearings Panel for an extension to the time period in which to regain compliance with the MVLS Rule and the Minimum Bid Price Rule. On July 26, 2023, we filed a definitive proxy statement to effect a reverse stock split of our common stock in connection with our annual meeting that occurred in September 2023 as required by the Nasdaq Hearings Panel. On August 9, 2023, the Company received written notice from the Nasdaq informing the Company that it had regained compliance with the MVLS Rule. On September 15, 2023, at the Company’s annual meeting of stockholders, the Company’s stockholders approved an amendment to the Company’s restated certificate of incorporation to effect a reverse stock split of the Company’s common stock. On October 12, 2023, the Company announced that its board of directors had approved the reverse stock split at the ratio of 1 post-split share for every 100 pre-split shares, which was effective as of October 12, 2023. On October 31, 2023, the Company received written notice from the Nasdaq informing the Company that it has regained compliance with the Minimum Bid Price Rule. The Company will be subject to a Mandatory Panel Monitor for a period of one year. If, within that one-year monitoring period, the Company fails to comply with the Minimum Bid Price, the Company will not be permitted additional time to regain compliance with the Minimum Bid Price Requirement. However, the Company will have an opportunity to request a new hearing with the Nasdaq Listing Qualifications Hearing Panel prior to the Company’s securities being delisted from Nasdaq.

## Financial Overview

### Revenue

We generate revenue from the sale of our products, related services, reagent rental agreements and government contributions.

Grants received, including cost reimbursement agreements, are assessed to determine if the agreement should be accounted for as an exchange transaction or a contribution. An agreement is accounted for as a contribution if the resource provider does not receive commensurate value in return for the assets transferred.

Product revenue is generated by the sale of instruments and consumable diagnostic tests predominantly through our direct sales force in the United States and distributors in geographic regions outside the United States. We generally do not offer product returns or exchange rights (other than those relating to defective goods under warranty) or price protection allowances to our customers, including our distributors. Payment terms granted to distributors are the same as those granted to end-user customers and payments are not dependent upon the distributors’ receipt of payment from their end-user customers. We either sell instruments to customers and international distributors or retain title and place the instrument at the customer site pursuant to a reagent rental agreement. When the instrument is placed under a reagent rental agreement, our customers generally agree to fixed term agreements, which can be extended, and incremental charges on each consumable diagnostic test purchased. Shipping and handling costs are billed to customers in connection with a product sale.

Fees paid to member-owned group purchasing organizations (“GPOs”) are deducted from related product revenues.

Direct sales of instruments include warranty, maintenance and technical support services typically for one year following the installation of the purchased instrument (“Maintenance Services”). Maintenance Services are separate performance obligations as they are service based warranties and are recognized on a straight-line basis over the service delivery period. After the completion of the initial Maintenance Services period, customers have the option to renew or extend the Maintenance Services typically for additional one-year periods in exchange for additional consideration. The extended Maintenance Services are also service based warranties that represent separate purchasing decisions.

We warrant that consumable diagnostic tests will be free from defects, when handled according to product specifications, for the stated life of the product. To fulfill valid warranty claims, we provide replacement product free of charge.

Our current sales strategy is to drive adoption of our test platform installed base in hospitals and to increase test use by our existing hospital customers. Accordingly, we expect the following to occur:

- recurring revenue from our consumable diagnostic tests will increase; and
- become a more predictable and significant component of total revenue; and
- gain manufacturing economies of scale through the growth in our sales, resulting in improving gross margins and operating margins.

The BARDA contract expired in September 2023.

In addition, during the third quarter of 2023, we had a sepsis test panel backorder of \$380,000 caused by issues related to raw materials, personnel changes, processes and equipment. To address these issues, we hired a new Vice President of Operations, advanced procurement of raw materials, implemented process improvements and made investments in equipment. As a result of these steps, we cleared the majority of our backorder in early October, but the impact is reflected in our results for the three months ended September 30, 2023.

### ***Cost of Product Revenue***

Cost of product revenue includes the cost of materials, direct labor and manufacturing overhead costs used in the manufacture of our consumable diagnostic tests sold to customers and related license and royalty fees. Cost of product revenue also includes depreciation on the revenue-generating T2Dx Instruments that have been placed with our customers under reagent rental agreements; costs of materials, direct labor and manufacturing overhead costs on the T2Dx Instruments sold to customers; and other costs such as customer support costs, warranty and repair and maintenance expense on the T2Dx Instruments that have been placed with our customers under reagent rental agreements. We manufacture the T2Dx Instruments and part of our consumable diagnostic tests in our facilities. We outsource the manufacturing of components of our consumable diagnostic tests to contract manufacturers. We expect cost of product revenue to decrease as a percentage of revenue as a result of the cost of product revenue improvement initiatives.

### ***Research and development expenses***

Our research and development expenses consist primarily of costs incurred for the development of our technology and product candidates, technology improvements and enhancements, clinical trials to evaluate the clinical utility of our product candidates, and laboratory development and expansion, and include salaries and benefits, including stock-based compensation, research related facility and overhead costs, laboratory supplies, equipment, depreciation on T2Dx Instruments used in research and development activities and contract services. Research and development expenses also include costs of delivering products or services associated with contribution revenue. We expense all research and development costs as incurred.

We expect to continue developing additional product candidates, improving existing products, and conducting ongoing and new clinical trials.

### ***Selling, general and administrative expenses***

Selling, general and administrative expenses consist primarily of costs for our sales, marketing, service, medical affairs, finance, legal, human resources, information technology, and general management functions, as well as professional services, such as legal, consulting and accounting services. Other selling, general and administrative expenses include commercial support activity, facility-related costs, fees and expenses associated with obtaining and maintaining patents, clinical and economic studies and publications, marketing expenses, and travel expenses. We expense the majority of selling, general and administrative expenses as incurred. We expect selling, general and administrative expenses to decrease as a percentage of revenue in future periods.

***Impairment of property and equipment***

Impairment of property and equipment relates to loss recorded when the carrying value of property and equipment is written down to its estimated fair value when indicators of impairment exist.

***Interest expense***

Interest expense consists primarily of interest expense on our notes payable, the amortization of deferred financing costs and debt discount.

***Change in fair value of derivative related to Term Loan***

The change in fair value of derivative related to Term Loan consists of the change in fair value of the derivative associated with the CRG Term Loan Agreement.

***Change in fair value of warrant liabilities***

The change in fair value of warrant liabilities consists of the changes in fair value of the Common Stock Warrants, Pre-Funded Warrants and Series A Warrant.

***Other income***

Other income consists of dividend income, other investment income, and interest income earned on our cash and cash equivalents.

***Other expense***

Other expense consists of non-recurring expenses, including issuance costs allocated to the Common Stock Warrants.

***Other losses***

Other losses consists of non-recurring losses, including the loss on disposal of property and equipment.

**Critical Accounting Policies and Use of Estimates**

We have prepared our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States. Our preparation of these condensed consolidated financial statements requires us to make estimates, assumptions, and judgments that affect the reported amounts of assets, liabilities, expenses, and related disclosures at the date of the condensed consolidated financial statements, as well as revenue and expenses recorded during those periods. We evaluated our estimates and judgments on an ongoing basis. We based our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

The items that we disclosed as our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2022 remained materially consistent. For a description of those critical accounting policies, please refer to our Annual Report on Form 10-K filing for the year ended December 31, 2022.

## Results of Operations for the Three Months Ended September 30, 2023 and 2022

	Three Months Ended September 30,		Change
	2023	2022	
	(in thousands)		
<b>Revenue:</b>			
Product revenue	\$ 1,472	\$ 2,641	\$ (1,169)
Contribution revenue	—	1,036	(1,036)
Total revenue	1,472	3,677	(2,205)
<b>Costs and expenses:</b>			
Cost of product revenue	3,925	6,085	(2,160)
Research and development	2,663	6,375	(3,712)
Selling, general and administrative	5,980	7,017	(1,037)
Impairment of property and equipment	2,511	—	2,511
Total costs and expenses	15,079	19,477	(4,398)
Loss from operations	(13,607)	(15,800)	2,193
<b>Other income (expense):</b>			
Interest expense	(1,119)	(1,560)	441
Change in fair value of derivative related to Term Loan	184	(117)	301
Change in fair value of warrant liabilities	(930)	179	(1,109)
Other income	49	8	41
Other expense	—	(15)	15
Other gains (losses)	(2)	(70)	68
Total other expense	(1,818)	(1,575)	(243)
Net loss	\$ (15,425)	\$ (17,375)	\$ 1,950

### **Product revenue**

Product revenue was \$1.5 million for the three months ended September 30, 2023 compared to \$2.6 million for the three months ended September 30, 2022, a decrease of \$1.2 million, which was driven by lower consumables sales of \$0.8 million, of which \$0.3 million related to decreased sales of T2SARS-CoV-2 tests, lower instrument sales of \$0.3 million, and lower revenue under our service agreements of \$0.1 million.

### **Contribution revenue**

Contribution revenue relates to our BARDA agreement and was \$0.0 for the three months ended September 30, 2023, compared to \$1.0 million for the three months ended September 30, 2022. The decrease of \$1.0 million was due to timing of the contract activity and less option amount available under Option 3, which was available for the first quarter of 2023, compared to Option 2A, which was available for the first quarter of 2022.

### **Cost of product revenue**

Cost of product revenue was \$3.9 million for the three months ended September 30, 2023, compared to \$6.1 million for the three months ended September 30, 2022, a decrease of \$2.2 million. The decrease was driven by \$0.6 million of decreased costs due to the effect of a change in build plan and manufacturing inefficiencies, \$0.6 million of decreased costs primarily related to lower consumable sales, \$0.5 million of lower shipping and other costs, \$0.4 million of costs related to lower instrument sales, and \$0.1 million of lower service and repair costs.

### **Research and development expenses**

Research and development expenses were \$2.7 million for the three months ended September 30, 2023, compared to \$6.4 million for the three months ended September 30, 2022, a decrease of \$3.7 million. Research and development project related expenses decreased by \$1.0 million, lab and facility expenses decreased by \$0.8 million due to lower employee headcount and material purchases, payroll related and stock-based compensation expenses decreased by \$0.7 million due to lower employee headcount, clinical expenses decreased by \$0.7 million due to the conclusion of several clinical trials, and consulting expenses decreased by \$0.5 million due to the completion of the T2Biothreat clinical trial.

***Selling, general and administrative expenses***

Selling, general and administrative expenses were \$6.0 million for the three months ended September 30, 2023, compared to \$7.0 million for the three months ended September 30, 2022, a decrease of \$1.0 million. The decrease was driven by lower payroll related and stock-based compensation expenses of \$1.0 million primarily due to lower employee headcount, lower marketing expenses of \$0.4 million, and lower travel expenses of \$0.1 million, partially offset by a \$0.5 million increase in consulting expenses and legal expenses.

***Impairment of property and equipment***

Impairment of property and equipment was \$2.5 million for the three months ended September 30, 2023, which was comprised of \$2.3 million of impairment charges related to reagent manufacturing assets and \$0.2 million of impairment charges related to T2-owned non-lease instruments.

***Interest expense***

Interest expense was \$1.1 million and \$1.6 million for the three months ended September 30, 2023 and 2022, respectively.

***Change in fair value of derivative related to Term Loan***

The change in fair value of the derivative instrument associated with the CRG Term Loan Agreement (see Note 6 of the notes to our condensed consolidated financial statements) was a \$0.2 million reduction of expense for the three months ended September 30, 2023, compared to \$0.1 million of expense for the three months ended September 30, 2022.

***Change in fair value of warrant liabilities***

The change in fair value of the warrant liabilities consists of \$0.9 million of expense primarily associated with the Common Stock Warrants (See Note 8 of the notes to our condensed consolidated financial statements) for the three months ended September 30, 2023. The change in fair value of the warrant liabilities consists of a \$0.2 million reduction of expense during the three months ended September 30, 2022.

***Other income***

Other income was immaterial for the three months ended September 30, 2023 and 2022.

***Other expense***

Other expense was immaterial for the three months ended September 30, 2023 and 2022.

***Other losses***

Other losses were immaterial for the three months ended September 30, 2023 and were \$0.1 million for the three months ended September 30, 2022.

## Results of Operations for the Nine Months Ended September 30, 2023 and 2022

	Nine Months Ended September 30,		Change
	2023	2022	
	(in thousands)		
<b>Revenue:</b>			
Product revenue	\$ 5,091	\$ 9,044	\$ (3,953)
Contribution revenue	423	7,778	(7,355)
Total revenue	5,514	16,822	(11,308)
<b>Costs and expenses:</b>			
Cost of product revenue	12,789	17,371	(4,582)
Research and development	10,984	21,056	(10,072)
Selling, general and administrative	19,575	24,071	(4,496)
Impairment of property and equipment	2,511	—	2,511
Total costs and expenses	45,859	62,498	(16,639)
Loss from operations	(40,345)	(45,676)	5,331
<b>Other income (expense):</b>			
Interest expense	(4,182)	(4,556)	374
Change in fair value of derivative related to Term Loan	436	(1,792)	2,228
Change in fair value of warrant liabilities	4,958	179	4,779
Other income	90	31	59
Other expense	(682)	(15)	(667)
Other gains (losses)	(12)	(75)	63
Total other expense	608	(6,228)	6,836
Net loss	\$ (39,737)	\$ (51,904)	\$ 12,167

### **Product revenue**

Product revenue was \$5.1 million for the nine months ended September 30, 2023 compared to \$9.0 million for the nine months ended September 30, 2022, a decrease of \$4.0 million, which was driven by lower consumables sales of \$2.9 million primarily due to a decrease in sales of T2SARS-CoV-2 tests, product backorder due to manufacturing, supply chain, and raw material matters, lower T2Dx Instrument and related sales of \$0.6 million, and lower revenue under our service agreements of \$0.5 million.

### **Contribution revenue**

Contribution revenue relates to our BARDA agreement and was \$0.4 million for the nine months ended September 30, 2023, compared to \$7.8 million for the nine months ended September 30, 2022. The decrease of \$7.4 million was due to timing of the contract activity and less option amount available under Option 3, which was available for the first quarter of 2023, compared to Option 2A, which was available for the first quarter of 2022.

### **Cost of product revenue**

Cost of product revenue was \$12.8 million for the nine months ended September 30, 2023, compared to \$17.4 million for the nine months ended September 30, 2022, a decrease of \$4.6 million. The decrease was driven by \$1.4 million of lower shipping and other costs, \$1.4 million of decreased costs related to lower consumable sales, \$0.8 million of costs related to lower instrument sales, \$0.7 million of lower service and repair costs, \$0.2 million of costs due to the effect of a change in build plan and manufacturing inefficiencies, and \$0.1 million of lower royalty costs.

### **Research and development expenses**

Research and development expenses were \$11.0 million for the nine months ended September 30, 2023, compared to \$21.1 million for the nine months ended September 30, 2022, a decrease of \$10.1 million. Lab and facility expenses decreased by \$3.5 million primarily due to the timing of BARDA Option 3 compared to Option 2A, lower employee headcount, and lower material purchases; payroll related and stock-based compensation expenses decreased by \$2.2 million due to lower employee headcount; consulting expenses decreased by \$1.6 million due to the completion of the T2Biothreat clinical trial; research and development project related expenses decreased by \$1.6 million; clinical-related expenses decreased by \$1.1 million due to the conclusion of several clinical trials; and other costs decreased by \$0.1 million.



***Selling, general and administrative expenses***

Selling, general and administrative expenses were \$19.6 million for the nine months ended September 30, 2023, compared to \$24.1 million for the nine months ended September 30, 2022, a decrease of \$4.5 million. The decrease was driven by lower payroll related and stock-based compensation expenses of \$4.0 million primarily due to lower employee headcount; lower marketing expenses of \$0.7 million; a \$0.3 million decrease in other expense primarily due to less IT support services and less facilities costs; and a decrease in travel expenses of \$0.2 million, partially offset by an increase in legal expenses of \$0.5 million and an increase in consulting expenses of \$0.2 million.

***Impairment of property and equipment***

Impairment of property and equipment was \$2.5 million for the nine months ended September 30, 2023, which was comprised of \$2.3 million of impairment charges related to reagent manufacturing assets and \$0.2 million of impairment charges related to T2-owned non-lease instruments.

***Interest expense***

Interest expense was \$4.2 million and \$4.6 million for nine months ended September 30, 2023 and 2022, respectively.

***Change in fair value of derivative related to Term Loan***

The change in fair value of the derivative instrument associated with the CRG Term Loan Agreement (see Note 6 of the notes to our condensed consolidated financial statements) was \$0.4 million reduction of expense for the nine months ended September 30, 2023, compared to \$1.8 million of expense for the nine months ended September 30, 2022.

***Change in fair value of warrant liabilities***

The change in fair value of the warrant liabilities consists of a \$5.0 million reduction of expense primarily associated with the Common Stock Warrants and Pre-Funded Warrants (see Note 8 of the notes to our condensed consolidated financial statements) for the nine months ended September 30, 2023. The change in fair value of the warrant liabilities consists of a \$0.2 million reduction of expense during the nine months ended September 30, 2022.

***Other income***

Other income was \$0.1 million for the nine months ended September 30, 2023 and was immaterial for the nine months ended September 30, 2022.

***Other expense***

Other expense relates to the issuance costs allocated to the Common Stock Warrants and was \$0.7 million for the nine months ended September 30, 2023. Other expense was immaterial for the nine months ended September 30, 2022.

***Other losses***

Other losses were immaterial for the nine months ended September 30, 2023 and were \$0.1 million for the nine months ended September 30, 2022.

**Liquidity and Capital Resources**

We have incurred losses and cumulative negative cash flows from operations since our inception, and as of September 30, 2023 and December 31, 2022, we had an accumulated deficit of \$574.0 million and \$534.2 million, respectively. We have incurred significant commercialization expenses related to product sales, marketing, manufacturing and distribution. We may seek to continue to fund our operations through public equity or private equity or debt financing, as well as other sources. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements if and when needed would have a negative impact on our business, results of operations and financial condition.

Historically, the Company has primarily funded its operations through public equity and private debt financing. The Company believes its cash position will not be sufficient to fund its current operating plan through the third quarter of 2024, and in order to support our business, we initiated a process to explore a range of alternatives focusing on maximizing value.

### *Equity Distribution Agreement*

On March 31, 2021, the Company entered into an Equity Distribution Agreement (“Equity Distribution Agreement”) with Canaccord Genuity LLC, as agent (“Canaccord”), pursuant to which the Company may offer and sell shares of common stock, for aggregate gross sale proceeds of up to \$75.0 million from time to time from the effective date of the respective registration statement through Canaccord. In July 2023, the Company filed an amendment to the prospectus supplement relating to the offer and sale of shares under the Equity Distribution Agreement to increase the maximum amount of shares that the Company may sell pursuant to its Equity Distribution Agreement with Canaccord Genuity by \$65 million. At the time of the amendment, the Company had sold shares of its common stock for gross proceeds of \$71.3 million. Under the Equity Distribution Agreement, the Company sold 1,015,385 shares of common stock during the three months ended September 30, 2023 for net proceeds of \$21.7 million, and 30,804 shares of common stock during the three months ended September 30, 2022 for net proceeds of \$22.2 million. Under the Equity Distribution Agreement, the Company sold 3,167,968 shares of common stock during the nine months ended September 30, 2023 for net proceeds of \$41.0 million, and 36,687 shares of common stock during the nine months ended September 30, 2022 for net proceeds of \$28.1 million.

We pay Canaccord for its services of acting as agent 3% of the gross proceeds from the sale of the shares pursuant to the Equity Distribution Agreement. Legal and accounting fees are reclassified to share capital upon issuance of shares under the Equity Distribution Agreement.

### ***Plan of operations and future funding requirements***

As of September 30, 2023, we had unrestricted cash and cash equivalents of approximately \$24.3 million. Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, costs related to our products, clinical trials, laboratory and related supplies, supplies and materials used in manufacturing, legal and other regulatory expenses and general overhead costs.

Until such time as we can generate substantial product revenue, we expect to finance our cash needs, beyond what is currently available or on hand, through a combination of equity offerings, debt financings and revenue from existing and potential research and development and other collaboration agreements. If we raise additional funds in the future, we may need to relinquish valuable rights to our technologies, future revenue streams or grant licenses on terms that may not be favorable to us.

The COVID-19 pandemic has impacted and may continue to impact the Company’s operations as the pandemic shifts to an endemic health threat. Customers have significantly reduced their purchases of the Company’s COVID-19 tests and, as a result, the Company is no longer manufacturing the T2SARS-CoV-2™ Panel.

### ***Going Concern***

We believe that our cash and cash equivalents of \$24.3 million on September 30, 2023 will not be sufficient to fund our current operating plan through the third quarter of 2024. Certain elements of our operating plan cannot be considered probable, and in order to support our business we initiated a process to explore a range of strategic alternatives focused on maximizing value.

In May 2023, as part of our strategic restructuring program, we initiated a workforce reduction of nearly 30%. Additionally, we are continuing to explore alternative strategic options, including an acquisition, merger, reverse merger, other business combination, sale of assets or licensing.

The Term Loan Agreement with CRG (Note 6) has a minimum liquidity covenant which requires us to maintain a minimum cash balance of \$5.0 million. In May 2023, CRG reduced the minimum liquidity covenant under the Term Loan Agreement from \$5.0 million to \$500,000 until December 31, 2023. In July 2023, the Company also converted \$10.0 million of the outstanding debt with CRG to equity. In October 2023, CRG amended the Term Loan Agreement to extend both the interest-only period and the maturity date by one year from December 30, 2024 to December 31, 2025, and permanently reduce the minimum liquidity covenant from \$5.0 million to \$500,000.

In September 2023, the Company’s milestone-based product development contract with the BARDA expired, which may impact the Company’s ability to continue to fund the development of its next-generation products.

These conditions raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that the financial statements are issued. Management’s plans to alleviate the conditions that raise substantial doubt include raising additional funding and reducing operating expenses to continue as a going concern for a period of 12 months from the date the financial statements are issued. Management has concluded the likelihood that its plan to successfully obtain sufficient funding from one or more of these sources or adequately reduce expenditures, while reasonably possible, is less than probable. Accordingly, we have concluded that substantial doubt exists about our ability to continue as a going concern for a period of at least 12 months from the date of issuance of these condensed consolidated financial statements. See Part II, Item 1A—“Risk Factors” in this Quarterly Report on Form 10-Q.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

### Cash flows

The following is a summary of cash flows for each of the periods set forth below:

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	\$ (38,720)	\$ (40,300)
Investing activities	(166)	9,695
Financing activities	51,876	28,306
Net change in cash, cash equivalents and restricted cash	<u>\$ 12,990</u>	<u>\$ (2,299)</u>

#### Net cash used in operating activities

Net cash used in operating activities was approximately \$38.7 million for the nine months ended September 30, 2023 and consisted of a net loss of \$39.7 million adjusted for non-cash items including stock-based compensation expense of \$3.6 million, a change in fair value of warrant liabilities of \$5.0 million, non-cash interest expense of \$1.3 million, non-cash lease expense of \$1.0 million, depreciation and amortization expense of \$0.8 million, issuance costs related to Common Stock Warrants of \$0.7 million, a change in fair value of the derivative related to Term Loan of \$0.4 million, an impairment of property and equipment of \$2.5 million, and a net change in operating assets and liabilities of \$3.5 million. The net change in operating assets and liabilities was primarily driven by a decrease in accrued expenses of \$2.4 million primarily due to the payout of 2022 bonuses and a \$1.0 million reduction to legal fees due to expensing of the \$1.0 million rent deposit for the Billerica lease, a decrease in operating lease liabilities of \$1.0 million, an increase in inventory of \$0.5 million due to timing of purchases and shipments, an increase in prepaid expenses and other assets of \$0.5 million due to timing of deposits for goods and services, and a decrease in accounts payable of \$0.2 million due to timing of invoices and payments, partially offset by a decrease in accounts receivable of \$1.0 million due to payment from BARDA and the timing and volume of instrument and consumable sales, and an increase in deferred revenue of \$0.1 million.

Net cash used in operating activities was approximately \$40.3 million for the nine months ended September 30, 2022, and consisted of a net loss of \$51.9 million adjusted for non-cash items including stock-based compensation expense of \$5.5 million, a change in fair value of the derivative of \$1.8 million, non-cash interest expense of \$1.6 million, non-cash lease expense of \$0.9 million, depreciation and amortization expense of \$0.8 million, a change in fair value of the derivative warrant liability of \$0.2 million, loss on issuance of Series A Redeemable Convertible Preferred Stock and warrant of \$0.1 million and a net change in operating assets and liabilities of \$1.1 million. The net change in operating assets and liabilities was primarily driven by a decrease in accounts receivable of \$3.6 million due to BARDA payments and the timing and volume of instrument and consumable sales, a decrease in prepaid expenses and other assets of \$0.4 million due to timing of deposits for goods and services, an increase in accrued expenses of \$0.1 million primarily from accrued clinical expenses for our T2Resistance 510(k) Study, partially offset by a decrease in operating lease liabilities of \$0.9 million, a decrease in accounts payable of \$0.8 million primarily due to timing of invoices and payments, an increase in inventory of \$0.8 million due to securing raw materials and bulk materials purchases for favorable pricing and a decrease in deferred revenue of \$0.4 million due to timing of our ratably recognized service agreements.

#### Net cash provided by investing activities

Net cash used in investing activities was \$0.2 million for the nine months ended September 30, 2023, and consisted of equipment purchases.

Net cash provided by investing activities was \$9.7 million for the nine months ended September 30, 2022, and primarily consisted of proceeds from sales of marketable securities of \$10.0 million, partially offset by equipment purchases of \$0.3 million.

#### Net cash provided by financing activities

Net cash provided by financing activities was approximately \$51.9 million for the nine months ended September 30, 2023, and consisted primarily of proceeds from sales of our common stock under the Equity Distribution Agreement, net of issuance costs, of \$41.0 million and proceeds from our February public offering, net of issuance costs, of \$10.9 million, offset by payment of debt issuance costs of \$0.1 million.

Net cash provided by financing activities was approximately \$28.3 million for the nine months ended September 30, 2022, and consisted primarily of proceeds from sales of our common stock under the Equity Distribution Agreement with Canaccord, net of issuance costs, of \$28.1 million, proceeds from issuance of Series A Redeemable Convertible Preferred Stock and warrant of \$0.3 million, proceeds from issuance of shares under our 2014 Employee Stock Purchase Plan of \$0.1 million, offset by payment of employee restricted stock tax withholdings of \$0.2 million.

## ***Borrowing Arrangements***

### *Term Loan Agreement*

In December 2016, we entered into the Term Loan Agreement with CRG. We initially borrowed \$40.0 million under the Term Loan Agreement and had the ability to borrow an additional \$10.0 million upon receiving specified clearance for the marketing of T2Bacteria by April 30, 2018 (the "Approval Milestone"). We agreed to pay (1) a financing fee based on the amount of principal drawn and (2) a final payment fee based on the principal outstanding upon repayment. The debt discount related to the financing fee and the fees paid to CRG are being amortized over the loan term as interest expense. The final payment fee is accrued as interest expense and is classified consistent with the classification of the Term Loan.

The Term Loan's principal is prepayable at any time partially or in full without a prepayment penalty. Borrowings are collateralized by a lien on substantially all of our assets, including intellectual property. The Term Loan Agreement provides for affirmative and negative covenants, including a requirement to maintain a minimum cash balance of \$5.0 million. The Term Loan Agreement includes a subjective acceleration clause whereby an event of default, including a material adverse change in the business, operations, or conditions (financial or otherwise), could result, at CRG's discretion, in the acceleration of the obligations under the Term Loan Agreement. Under certain circumstances, a default interest rate of an additional 4.0% per annum may apply, at CRG's discretion, on all outstanding obligations during the occurrence and continuance of an event of default.

The Term Loan originally had a six-year term, with three years of interest-only payments accruing at a fixed rate of 12.5%, of which 4.0% could be paid in-kind by increasing the principal balance. After achievement of the Approval Milestone, such rates would be reduced and a fourth year of interest-only payments would be granted, after which quarterly payments of principal and interest would be owed through the December 30, 2022 maturity date. Upon achievement of certain performance metrics, the loan would be converted to interest-only until its maturity, at which time all unpaid principal and interest would be due and payable.

In connection with the Term Loan Agreement, we issued warrants to CRG to purchase a total of 105 shares of our common stock, exercisable any time prior to December 30, 2026.

### *Amendments*

The Term Loan Agreement has been amended nine times. As a result of those amendments, certain terms of the Term Loan have been revised as follows:

- In 2018, upon our achievement of the Approval Milestone, interest on borrowings began accruing at 11.50% per year, 8% of which is payable in cash quarterly and 3.5% of which is deferred and added to principal until maturity.
- In 2019:
  - The final payment fee was increased from 8% to 10% of the principal outstanding upon repayment.
  - We issued additional warrants to CRG to purchase 113 shares of our common stock, exercisable any time prior to September 9, 2029 at an exercise price of \$7,750.00 per share, with provisions for termination upon a change of control or a sale of all or substantially all of our assets (these warrants, along with the 105 warrants previously issued to CRG, are collectively referred to as the "CRG Warrants").
  - We reduced the exercise price for the warrants previously issued to CRG to \$7,750.00.
- In 2022, the principal maturity date was extended to December 30, 2024, and the Term Loan's interest-only payment period was extended until that maturity date.
- In 2023:
  - We entered into a waiver and consent with CRG that reduced the minimum liquidity covenant to \$500,000 until December 31, 2023 (see discussion below regarding the subsequent event).
  - CRG waived certain specified events of default associated with our issuance of shares of Series A Redeemable Convertible Preferred Stock in August 2022 and the subsequent redemption (See Note 8).

- Subsequent to September 30, 2023, the interest-only period and maturity of the Term Loan were extended to December 31, 2025 and the \$500,000 liquidity covenant was made permanent (See Note 15).

In July 2023, CRG canceled \$10.0 million of the Term Loan's principal in exchange for 483,457 shares of common stock and 93,297 shares of Series B Convertible Preferred Stock.

The warrants to purchase 218 shares of our common stock remain outstanding on September 30, 2023. There were no covenant violations during the three and nine months ended September 30, 2023.

Amendments made in February 2022 and November 2022 and the partial principal cancellation in July 2023 were accounted for as troubled debt restructurings. For all restructurings, at the time of the restructuring the future undiscounted cash outflows required under the amended agreement exceeded the carrying value of the debt and no gain was recognized as a result of the restructurings. The effects of each restructuring were accounted for prospectively.

#### *Classification and Subsequent Event*

The Term Loan Agreement with CRG was classified as a non-current liability on December 31, 2022. In May 2023, we received a modification and waiver reducing the Term Loan's minimum cash covenant from \$5.0 million to \$500,000 until December 31, 2023. Also, as noted in Note 15, in October 2023, the interest-only period and maturity of the Term Loan were extended to December 31, 2025, and the \$500,000 liquidity covenant was made permanent. Because management believes it is probable that we will not be able to comply with the covenant through September 30, 2024 unless additional funds are raised, we concluded that the Term Loan and related liabilities should be classified as current on September 30, 2023.

We have a single compound derivative instrument related to our Term Loan Agreement that requires us to pay additional interest of 4% per annum upon an event of default or if any obligation other than the unpaid principal amount of the Term Loan is not paid when due. Fair value is determined quarterly. The fair value of the derivative on September 30, 2023 is \$0.7 million and is classified as a current liability on the balance sheet on September 30, 2023 to match the classification of the related Term Loan Agreement. The fair value of the derivative on December 31, 2022 is \$1.1 million and is classified as a non-current liability on the balance sheet on December 31, 2022 to match the classification of the related Term Loan Agreement.

#### **Contractual Obligations and Commitments**

There were no other material changes to our contractual obligations and commitments from those described under Management's Discussion and Analysis of Financial Condition and Results of Operations in the Annual Report on Form 10-K for the year ended December 31, 2022.

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

As a smaller reporting company, we are not required to provide this information.

#### **Item 4. Controls and Procedures**

##### **(a) Evaluation of Disclosure Controls and Procedures**

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of September 30, 2023. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized, and reported on a timely basis and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Based on the evaluation of our disclosure controls and procedures as of September 30, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, the Company's disclosure controls and procedures were not effective due to additional material weaknesses in our internal control over and accounting estimate conclusions reached for inventory valuation allowances, impairment of property, plant and equipment as well as a material weakness related to the calculation of earnings per share. The Company's previously reported material weaknesses that were reported within the March 31, 2023 and June 30, 2023 Form 10-Qs related to the Company's disclosure controls and procedures remain unremediated as of September 30, 2023. As previously disclosed,

the Company has established enhanced evaluation considerations including the timely use of third-party experts to prevent future occurrences. While we believe these considerations are sufficient to remediate the previously reported material weaknesses, we require additional time to further evaluate the operating effectiveness of these considerations and to determine if any additional controls should be implemented.

(b) Changes in Internal Control over Financial Reporting

Except as noted above, there have been no changes to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II.**  
**OTHER INFORMATION**

**Item 1. Legal Proceedings**

On September 8, 2021, the Company entered into a 10-year lease agreement (the “Lease”) with Farley White Concord Road, LLC (the “Landlord”), pursuant to which the Company leased approximately 70,125 square feet for its occupancy and use as office, laboratory and commercial manufacturing space at 290 Concord Road, Billerica, Massachusetts (the “Premises”).

On January 17, 2023, the Landlord sent a Notice of Termination (the “Notice”) of the Lease to the Company. The Notice provides that the Landlord terminated the Lease because of the Company’s alleged failure to perform its obligations under the Lease in a timely manner and the Company’s alleged breach of the covenant of good faith and fair dealing. In connection with the Notice, on January 18, 2023, the Landlord filed a complaint in the Massachusetts Superior Court and has unilaterally deducted the Company’s \$1,000,000 security deposit for its alleged damages. In addition, the Landlord is seeking damages for unpaid rent, brokerage fees, transaction costs, attorney’s fees and court costs.

On March 1, 2023, the Company filed a response to the Landlord’s complaint and a counterclaim alleging that the Landlord breached its obligations under the contract and unlawfully drew on the security deposit, in addition to breaching its covenants of good faith and fair dealing, making fraudulent misrepresentations, and engaging in deceptive and unfair trade practices.

We believe the Landlord’s claims are without merit and we intend to vigorously contest the claim.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. Other than as set forth below, there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

***Our management has performed an analysis of our ability to continue as a going concern and has identified substantial doubt about our ability to continue as a going concern.***

As of September 30, 2023, we had \$24.3 million in unrestricted cash and cash equivalents which, without additional funding, will not be sufficient to meet our obligations within the next twelve months from the date of issuance of this Quarterly Report. Based on their assessment, our management has raised concerns about our ability to continue as a going concern. As substantial doubt about our ability to continue as a going concern exists, our ability to finance our operations through equity financing or otherwise could be impaired. Our ability to fund working capital, make capital expenditures, and service our debt depends on our ability to generate cash from operating activities, which is subject to its future operating success, and obtain financing on reasonable terms, which is subject to factors beyond our control, including general economic, political, and financial market conditions. The capital markets have in the past experienced, are currently experiencing, and may in the future experience, periods of upheaval that could impact the availability and cost of financing and there can be no assurances that such financing will be available to the Company on satisfactory terms, or at all. Management continues to explore raising additional capital through equity financing to supplement the Company’s capitalization and liquidity, but there can be no assurance that such financing will be available on terms commercially acceptable to the Company, or at all.

**Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities**

Not applicable.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

- (a) None.
- (b) None.
- (c) Not applicable.



**Item 6. Exhibits, Financial Statement Schedules**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
3.1	<a href="#"><u>Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-36571) filed on August 12, 2014)</u></a>
3.2	<a href="#"><u>Certificate of Amendment of Restated Certificate of Incorporation of the Company dated July 23, 2021 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-36571) filed on July 23, 2021)</u></a>
3.3	<a href="#"><u>Certificate of Amendment of Restated Certificate of Incorporation of the Company dated October 12, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-36571) filed on October 12, 2022)</u></a>
3.4	<a href="#"><u>Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-36571) filed on July 6, 2023)</u></a>
3.5	<a href="#"><u>Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K (File No. 001-36571) filed on July 6, 2023)</u></a>
3.6	<a href="#"><u>Certificate of Amendment of Restated Certificate of Incorporation of the Company dated October 12, 2023 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-36571) filed on October 12, 2023)</u></a>
3.7	<a href="#"><u>Third Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.4 of the Company's Form 10-Q (File No. 001-36571) filed on August 16, 2022)</u></a>
4.1	<a href="#"><u>Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A (File No. 333-197193) filed on July 28, 2014)</u></a>
4.2	<a href="#"><u>Fourth Amended and Restated Investors' Rights Agreement, dated as of March 22, 2013, as amended (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-1/A (File No. 333-197193) filed on July 28, 2014)</u></a>
4.3	<a href="#"><u>Registration Rights Agreement dated as of July 29, 2019 by and between T2 Biosystems Inc. and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-36571) filed on July 30, 2019)</u></a>
4.4	<a href="#"><u>Form of Warrant (incorporated by reference to Exhibit 4.1 of the Company's Form 10-Q (File No. 001-36571) filed on August 16, 2022)</u></a>
4.5	<a href="#"><u>Pre-Funded Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-36571) filed on February 16, 2023)</u></a>
4.6	<a href="#"><u>Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K (File No. 001-36571) filed on February 16, 2023)</u></a>
10.1†	<a href="#"><u>Amendment of Solicitation/Modification of Contract, dated as of May 1, 2023 by and between the Company and Biomedical Advanced Research and Development Authority of the U.S. Department of Health and Human Services (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q (File No. 001-36571) filed on May 22, 2023)</u></a>
10.2	<a href="#"><u>Waiver and Consent to Term Loan Agreement with CRG Servicing LLC, dated May 19, 2023 (incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q (File No. 001-36571) filed on May 22, 2023)</u></a>
10.3*	<a href="#"><u>T2 Biosystems, Inc. 2014 Incentive Award Plan, as amended and restated</u></a>
10.4*	<a href="#"><u>2014 Employee Stock Purchase Plan, as amended and restated</u></a>
10.5*	<a href="#"><u>Amendment No. 9 to Term Loan Agreement, dated October 18, 2023, between T2 Biosystems, Inc. and CRG Servicing LLC</u></a>
31.1*	<a href="#"><u>Certification of principal executive officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2*	<a href="#"><u>Certification of principal financial officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>

Exhibit Number	Exhibit Description
32.1**	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith

\*\* Furnished herewith

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment pursuant to Rule 406 under the Securities Act of 1933, or the Securities Act.

## 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.

T2 BIOSYSTEMS, INC.

Date: November 14, 2023

By: /s/ JOHN SPERZEL

John Sperzel

President, Chief Executive Officer and Chairman of the Board  
(Principal Executive Officer)

Date: November 14, 2023

By: /s/ JOHN M. SPRAGUE

John M. Sprague

Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

**T2 BIOSYSTEMS, INC.  
2014 INCENTIVE AWARD PLAN**

**(as amended and restated effective October 12, 2023)**

**ARTICLE 1.**

**PURPOSE**

The purpose of the T2 Biosystems, Inc. 2014 Incentive Award Plan (as it may be amended or restated from time to time, the “Plan”) is to promote the success and enhance the value of T2 Biosystems, Inc. (the “Company”) by linking the individual interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent. This Plan constitutes an amendment and restatement of the T2 Biosystems, Inc. 2014 Incentive Award Plan, as amended and restated effective June 25, 2021 (the “Prior 2014 Plan”).

**ARTICLE 2.**

**DEFINITIONS AND CONSTRUCTION**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Administrator” shall mean the entity that conducts the general administration of the Plan as provided in Article 11. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 11.6, or as to which the Board has assumed, the term “Administrator” shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 “Applicable Accounting Standards” shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company’s financial statements under United States federal securities laws from time to time.

2.3 “Applicable Law” shall mean any applicable law, including without limitation: (i) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (ii) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (iii) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 “Automatic Exercise Date” shall mean, with respect to an Option or a Stock Appreciation Right, the last business day of the applicable Option Term or Stock Appreciation Right Term that was established by the Administrator for such Option or Stock Appreciation Right (*e.g.*, the last business day prior to the tenth anniversary of the date of grant of such Option or Stock Appreciation Right if the Option or Stock Appreciation Right initially had a ten-year Option Term or Stock Appreciation Right Term, as applicable); provided that with respect to an Option or Stock Appreciation Right that has been amended pursuant to this Plan so as to alter the applicable Option Term or Stock Appreciation Right Term, “Automatic Exercise Date” shall mean the last business day of the applicable Option Term or Stock Appreciation Right Term that was established by the Administrator for such Option or Stock Appreciation Right as amended.

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2.5 “Award” shall mean an Option, a Restricted Stock award, a Restricted Stock Unit award, a Performance Award, a Dividend Equivalents award, a Stock Payment award or a Stock Appreciation Right, which may be awarded or granted under the Plan (collectively, “Awards”).

2.6 “Award Agreement” shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.7 “Award Limit” shall mean with respect to Awards that shall be payable in Shares or in cash, as the case may be, the respective limit set forth in Section 3.4.

2.8 “Board” shall mean the Board of Directors of the Company.

2.9 “Change in Control” shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clause (i) and (ii) of paragraph (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.9(a) or Section 2.9(c)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.9(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

In addition, if a Change in Control constitutes a payment event with respect to any portion of an Award that provides for the deferral of compensation and is subject to Section 409A of the Code, the transaction or event described in

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subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) must also constitute a “change in control event,” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A.

The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.10 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder.

2.11 “Committee” shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee, appointed as provided in Section 11.1.

2.12 “Common Stock” shall mean the common stock of the Company, par value \$0.001 per share.

2.13 “Company” shall have the meaning set forth in Article 1.

2.14 “Consultant” shall mean any consultant or adviser engaged to provide services to the Company or any Subsidiary that qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.15 “Director” shall mean a member of the Board, as constituted from time to time.

2.16 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 8.2.

2.17 “DRO” shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.18 “Effective Date” shall mean the day prior to the Public Trading Date.

2.19 “Eligible Individual” shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Committee.

2.20 “Employee” shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code) of the Company or of any Subsidiary.

2.21 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

2.22 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.23 “Expiration Date” shall have the meaning given to such term in Section 12.1.

2.24 “Fair Market Value” shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is listed on any (i) established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) national market system or (iii) automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on

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such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

Notwithstanding the foregoing, with respect to any Award granted after the effectiveness of the Company's registration statement relating to its initial public offering and prior to the Public Trading Date, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

2.25 "Greater Than 10% Stockholder" shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.26 "Holder" shall mean a person who has been granted an Award.

2.27 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.28 "Non-Employee Director" shall mean a Director of the Company who is not an Employee.

2.29 "Non-Employee Director Equity Compensation Policy" shall have the meaning set forth in Section 4.5.

2.30 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option.

2.31 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 6. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.32 "Option Term" shall have the meaning set forth in Section 5.6.

2.33 "Parent" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.34 "Performance Award" shall mean a cash bonus award, stock bonus award, performance award or other incentive award that is paid in cash, Shares or a combination of both, awarded under Section 8.1.

2.35 "Performance-Based Compensation" shall mean any compensation granted under the Plan prior to November 2, 2017 that is intended to qualify as "performance-based compensation" as described in Section 162(m)(4)(C) of the Code prior to its repeal.

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2.36 “Performance Criteria” shall mean the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals may include, but are not limited to, the following: (i) net earnings (either before or after one or more of (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow) and cash flow return on capital; (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on stockholders’ equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) expenses; (xv) working capital; (xvi) earnings or loss per share; (xvii) adjusted earnings or loss per share; (xviii) price per share or dividends per share (or appreciation in and/or maintenance of such price or dividends); (xix) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xx) implementation, completion or attainment of objectives relating to research, development, clinical, regulatory, commercial, or strategic milestones or developments of critical projects; (xxi) market share; (xxii) economic value; (xxiii) revenue; (xxiv) revenue growth; (xxv) productivity; (xxvi) operating efficiency; (xxvii) economic value-added; (xxviii) return on net assets; (xxix) funds from operations; (xxx) funds available for distributions; (xxxii) sales unit volume; (xxxiii) licensing revenue; (xxxiii) brand recognition and acceptance; (xxxiv) inventory, inventory turns or cycle time; (xxxv) market penetration and geographic business expansion; (xxxvi) customer satisfaction/growth and customer service; (xxxvii) employee satisfaction, recruitment and maintenance of personnel, and human resources management; (xxxviii) supervision of litigation and other legal matters; (xxxix) strategic partnerships and transactions; (xxxx) financial ratios (including those measuring liquidity, activity, profitability or leverage); (xxxxi) supply chain achievements; (xxxxii) debt levels or reductions; (xxxxiii) sales-related goals; (xxxxiv) financing and other capital raising transactions; (xxxxv) year-end cash; (xxxxvi) acquisition activity; (xxxxvii) investment sourcing activity; and (xxxxiii) marketing initiatives, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) The Administrator, in its discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in Applicable Accounting Standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company’s core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (xx) items relating to foreign exchange or currency transactions and/or fluctuations; or (xxi) items relating to any other unusual or nonrecurring events or changes in Applicable Law, Applicable Accounting Standards or business conditions.

2.37 “Performance Goals” shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period. The Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division, business unit, or an individual.

2.38 “Performance Period” shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder’s right to, and the payment of, an Award.

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2.39 “Performance Stock Unit” shall mean a Performance Award awarded under Section 8.1 which is denominated in units of value including dollar value of Shares.

2.40 “Permitted Transferee” shall mean, with respect to a Holder, any “family member” of the Holder, as defined in the instructions to use the Form S-8 Registration Statement under the Securities Act, or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.41 “Plan” shall have the meaning set forth in Article 1.

2.42 “Prior 2014 Plan” shall have the meaning set forth in the preamble.

2.43 “Prior Plan” shall mean the T2 Biosystems, Inc. Amended and Restated 2006 Employee, Director and Consultant Stock Plan, as such plan may be amended from time to time.

2.44 “Public Trading Date” shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.45 “Restricted Stock” shall mean Common Stock awarded under Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.46 “Restricted Stock Unit” shall mean the right to receive Shares awarded under Article 7.

2.47 “Section 162(m) Award” shall have the meaning set forth in Section 12.16.

2.48 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.49 “Shares” shall mean shares of Common Stock.

2.50 “Stock Appreciation Right” shall mean a stock appreciation right granted under Article 9.

2.51 “Stock Appreciation Right Term” shall have the meaning set forth in Section 9.4.

2.52 “Stock Payment” shall mean (a) a payment in the form of Shares, or (b) an option or other right to purchase Shares, as part of a bonus, deferred compensation or other arrangement, awarded under Section 8.3.

2.53 “Subsidiary” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.54 “Substitute Award” shall mean an Award granted under the Plan upon the assumption of, or in substitution for, outstanding equity awards granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.55 “Termination of Service” shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death, disability or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

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(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death, disability or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service, including service as a director, with the Company or any Subsidiary.

The Administrator, in its discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, the question of whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

### ARTICLE 3.

#### SHARES SUBJECT TO THE PLAN

##### 3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 12.2, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan is the sum of: (i) 823,529 Shares, (ii) any Shares which as of the Effective Date are subject to awards granted under the Prior Plan which are forfeited, lapse unexercised or are settled in cash and which following the Effective Date are not issued under the Prior Plan; and (iii) an annual increase on the first day of each calendar year beginning January 1, 2015 and ending on and including January 1, 2026, equal to the lesser of (A) 4% of the Shares outstanding (on an as-converted basis) on the final day of the immediately preceding calendar year and (B) such smaller number of Shares as determined by the Board; provided, however, no more than 35,000,000 Shares may be issued upon the exercise of Incentive Stock Options. From and after the Effective Date, no awards shall be granted under the Prior Plan. Any award outstanding under the Prior Plan as of the Effective Date shall continue to be subject to the terms and conditions of the Prior Plan.

(b) To the extent all or a portion of an Award is forfeited, expires, lapses for any reason, or is settled for cash without the delivery of Shares to the Holder, any Shares subject to such Award or portion thereof shall, to the extent of such forfeiture, expiration, lapse or cash settlement, again be available for the grant of an Award under the Plan. Any Shares repurchased by or surrendered to the Company under Section 6.4 so that such Shares are returned to the Company shall again be available for the grant of an Award under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) To the extent permitted by Applicable Law, Substitute Awards shall not reduce the Shares authorized for grant under the Plan.

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3.2 Stock Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

3.3 Limitation on Awards to Non-Employee Directors. Notwithstanding any provision to the contrary in the Plan, the Administrator may establish compensation for Non-Employee Directors from time to time, subject to the limitations in the Plan. The Administrator will from time to time determine the terms, conditions and amounts of all such Non-Employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a Non-Employee Director as compensation for services as a Non-Employee Director during any fiscal year of the Company may not exceed \$700,000, increased to \$950,000 in the fiscal year of a Non-Employee Director's initial service as a Non-Employee Director. The Administrator may make exceptions to this limit for individual Non-Employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving Non-Employee Directors.

3.4 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 12.2, the maximum aggregate number of Shares that may be issued with respect to Awards granted to any one person during a given calendar year shall be 1,000,000 and the maximum aggregate amount of cash that may be paid with respect to Awards granted to any one person during a given calendar year shall be \$2,000,000.

## ARTICLE 4.

### GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except as provided in Section 4.5 regarding the grant of Awards pursuant to the Non-Employee Director Equity Compensation Policy, no Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award, which may include the term of the Award, the provisions applicable in the event of the Holder's Termination of Service, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Employment; Voluntary Participation. Nothing in the Plan or Award Agreement shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan shall be construed as mandating that any Eligible Individual shall participate in the Plan.

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4.5 Non-Employee Director Awards. The Administrator, in its discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the “Non-Employee Director Equity Compensation Policy”), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its discretion.

4.6 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

## ARTICLE 5.

### OPTIONS

5.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

5.2 Option Exercise Price. The exercise price per Share subject to each Option shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) unless otherwise determined by the Administrator. In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

#### 5.3 Option Vesting.

(a) The period during which the right to exercise, in whole or in part, an Option vests in the Holder shall be set by the Administrator and the Administrator may determine that an Option may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Subsidiary or any other criteria selected by the Administrator, including Performance Goals or Performance Criteria. At any time after the grant of an Option, the Administrator, in its discretion and subject to whatever terms and conditions it selects, may accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at a Holder’s Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in the Award Agreement evidencing the grant of an Option or by action of the Administrator following the grant of the Option. Unless otherwise determined by the Administrator in the Award Agreement or by action of the Administrator following the grant of the Option, the portion of an Option that is unexercisable at a Holder’s Termination of Service shall automatically expire thirty (30) days following such Termination of Service.

5.4 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option.

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(b) Such representations and documents as the Administrator, in its discretion, deems necessary or advisable to effect compliance with Applicable Law. The Administrator may, in its discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars.

(c) In the event that the Option shall be exercised by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option, as determined in the discretion of the Administrator.

(d) Full payment of the exercise price and applicable withholding taxes for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Section 10.1 and Section 10.2.

5.5 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional Shares unless otherwise determined by the Administrator and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

5.6 Option Term. The term of each Option (the “Option Term”) shall be set by the Administrator in its discretion; provided, however, that the Option Term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Options, which time period may not extend beyond the last day of the Option Term. Except as limited by the requirements of Section 409A of the Code or the first sentence of this Section 5.6, the Administrator may extend the Option Term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Holder, and may amend, subject to Section 12.1, any other term or condition of such Option relating to such a Termination of Service.

5.7 Expiration of Option Term: Automatic Exercise of In-The-Money Options. Unless otherwise determined by the Administrator (in an Award Agreement or otherwise) or as otherwise directed by an Option Holder in writing to the Company, each Option outstanding on the Automatic Exercise Date with an exercise price per share that is less than the Fair Market Value per share of Common Stock as of such date shall automatically and without further action by the Option Holder or the Company be exercised on the Automatic Exercise Date. In the discretion of the Administrator, payment of the exercise price of any such Option shall be made pursuant to Section 10.1(b) or Section 10.1(c) and the Company or any Subsidiary shall deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 10.2. Unless otherwise determined by the Administrator, this Section 5.7 shall not apply to an Option if the Holder of such Option incurs a Termination of Service on or before the Automatic Exercise Date. For the avoidance of doubt, no Option with an exercise price per share that is equal to or greater than the Fair Market Value per share of Common Stock on the Automatic Exercise Date shall be exercised pursuant to this Section 5.7.

5.8 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the transfer of such Shares to such Holder.

## ARTICLE 6.

### RESTRICTED STOCK

#### 6.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which

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terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

6.2 Rights as Stockholders. Subject to Section 6.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in each individual Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares; provided, however, that, in the discretion of the Administrator, any extraordinary distributions with respect to the Shares shall be subject to the restrictions set forth in Section 6.3.

6.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Holder's duration of employment, directorship or consultancy with the Company, Performance Goals, Performance Criteria, Company performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Award Agreement. Unless otherwise determined by the Administrator, Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

6.4 Repurchase or Forfeiture of Restricted Stock. Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, (a) if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration, and (b) if a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Award Agreement.

6.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock shall include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock. The Company, in its discretion, may (a) retain physical possession of any stock certificate evidencing shares of Restricted Stock until the restrictions thereon shall have lapsed and/or (b) require that the stock certificates evidencing shares of Restricted Stock be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed and that the Holder deliver a stock power, endorsed in blank, relating to such Restricted Stock.

6.6 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

## ARTICLE 7.

### RESTRICTED STOCK UNITS

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7.1 Grant of Restricted Stock Units. The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

7.2 Purchase Price. The Administrator shall specify the purchase price, if any, to be paid by the Holder to the Company with respect to any Restricted Stock Unit award; provided, however, that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

7.3 Vesting of Restricted Stock Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any Subsidiary, Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator.

7.4 Maturity and Payment. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement); provided that, except as otherwise set forth in an applicable Award Agreement, the maturity date relating to each Restricted Stock Unit shall not occur following the later of (a) the 15<sup>th</sup> day of the third month following the end of the calendar year in which the applicable portion of the Restricted Stock Unit vests; or (b) the 15<sup>th</sup> day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the maturity date, the Company shall, subject to Section 10.4, transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

7.5 No Rights as a Stockholder. Unless otherwise determined by the Administrator, a Holder of Restricted Stock Units shall possess no incidents of ownership with respect to the Shares represented by such Restricted Stock Units, unless and until such Shares are transferred to the Holder pursuant to the terms of this Plan and the Award Agreement.

## ARTICLE 8.

### PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, STOCK PAYMENTS

8.1 Performance Awards. The Administrator is authorized to grant Performance Awards, including Awards of Performance Stock Units and other Awards determined in the Administrator's discretion from time to time, to any Eligible Individual. The value of Performance Awards, including Performance Stock Units, may be linked to the attainment of the Performance Goals or other specific criteria, whether or not objective, determined by the Administrator, in each case on a specified date or dates or over any period or periods and in such amounts as may be determined by the Administrator.

#### 8.2 Dividend Equivalents.

(a) Dividend Equivalents may be granted by the Administrator based on dividends declared on the Common Stock, to be credited as of dividend payment dates with respect to dividends with record dates that occur during the period between the date an Award is granted to a Holder and the date such Award vests, is exercised, is distributed or expires, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator.

8.3 Stock Payments. The Administrator is authorized to make Stock Payments to any Eligible Individual. The number or value of Shares of any Stock Payment shall be determined by the Administrator and may be based upon one or more Performance Goals or any other specific criteria, including service to the Company or any Subsidiary,

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determined by the Administrator. Shares underlying a Stock Payment which is subject to a vesting schedule or other conditions or criteria set by the Administrator shall not be issued until those conditions have been satisfied. Unless otherwise provided by the Administrator, a Holder of a Stock Payment shall have no rights as a Company stockholder with respect to such Stock Payment until such time as the Stock Payment has vested and the Shares underlying the Award have been issued to the Holder. Stock Payments may, but are not required to, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

8.4 Purchase Price. The Administrator may establish the purchase price of a Performance Award or Shares distributed as a Stock Payment award; provided, however, that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

## ARTICLE 9.

### STOCK APPRECIATION RIGHTS

#### 9.1 Grant of Stock Appreciation Rights.

(a) The Administrator is authorized to grant Stock Appreciation Rights to Eligible Individuals from time to time, in its discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

(b) A Stock Appreciation Right shall entitle the Holder (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Fair Market Value on the date of exercise of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Unless otherwise determined by the Administrator, the exercise price per Share subject to each Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value on the date the Stock Appreciation Right is granted.

#### 9.2 Stock Appreciation Right Vesting.

(a) The period during which the right to exercise, in whole or in part, a Stock Appreciation Right vests in the Holder shall be set by the Administrator, and the Administrator may determine that a Stock Appreciation Right may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Subsidiary, Performance Criteria, Performance Goals or any other criteria selected by the Administrator. At any time after grant of a Stock Appreciation Right, the Administrator, in its discretion and subject to whatever terms and conditions it selects, may accelerate the period during which a Stock Appreciation Right vests.

(b) No portion of a Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator in an Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right. Unless otherwise determined by the Administrator in the Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right, the portion of a Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall automatically expire thirty (30) days following such Termination of Service.

9.3 Manner of Exercise. All or a portion of an exercisable Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock administrator of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Holder

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or other person then entitled to exercise the Stock Appreciation Right or such portion of the Stock Appreciation Right.

(b) Such representations and documents as the Administrator, in its discretion, deems necessary or advisable to effect compliance with Applicable Law. The Administrator, in its discretion, may also take whatever additional actions it deems appropriate to effect such compliance, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars.

(c) In the event that the Stock Appreciation Right shall be exercised by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Stock Appreciation Right, as determined in the discretion of the Administrator.

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by Section 10.1 and Section 10.2.

9.4 Stock Appreciation Right Term. The term of each Stock Appreciation Right (the "Stock Appreciation Right Term") shall be set by the Administrator in its discretion; provided, however, that the Stock Appreciation Right Term shall not be more than ten (10) years from the date the Stock Appreciation Right is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Stock Appreciation Rights, which time period may not extend beyond the last day of the Stock Appreciation Right Term applicable to such Stock Appreciation Right. Except as limited by the requirements of Section 409A of the Code or the first sentence of this Section 9.4, the Administrator may extend the Stock Appreciation Right Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder, and may amend, subject to Section 12.1, any other term or condition of such Stock Appreciation Right relating to such a Termination of Service.

9.5 Payment. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 9 shall be in cash, Shares (based on Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

9.6 Expiration of Stock Appreciation Right Term: Automatic Exercise of In-The-Money Stock Appreciation Rights. Unless otherwise determined by the Administrator (in an Award Agreement or otherwise) or as otherwise directed by a Stock Appreciation Right Holder in writing to the Company, each Stock Appreciation Right outstanding on the Automatic Exercise Date with an exercise price per share that is less than the Fair Market Value per share of Common Stock as of such date shall automatically and without further action by the Stock Appreciation Right Holder or the Company be exercised on the Automatic Exercise Date. In the discretion of the Administrator, the Company or any Subsidiary shall deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 10.2. Unless otherwise determined by the Administrator, this Section 9.6 shall not apply to a Stock Appreciation Right if the Holder of such Stock Appreciation Right incurs a Termination of Service on or before the Automatic Exercise Date. For the avoidance of doubt, no Stock Appreciation Right with an exercise price per share that is equal to or greater than the Fair Market Value per share of Common Stock on the Automatic Exercise Date shall be exercised pursuant to this Section 9.6.

## ARTICLE 10.

### ADDITIONAL TERMS OF AWARDS

10.1 Payment. The Administrator shall determine the methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker

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acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) any other form of legal consideration acceptable to the Administrator in its discretion. The Administrator shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

**10.2 Tax Withholding.** The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA, employment tax or other social security contribution obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan. The Administrator, in its discretion and in satisfaction of the foregoing requirement, may withhold, or allow a Holder to elect to have the Company withhold, Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be determined by the Company and shall be limited to the number of Shares which have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

### **10.3 Transferability of Awards.**

(a) Except as otherwise provided in Section 10.3(b):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 10.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise an Award (or any portion thereof) granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its discretion, may determine to permit a Holder to transfer an Award other than an Incentive Stock Option to any one or more Permitted Transferees, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award); and (iii) the Holder and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without

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limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer.

(c) Notwithstanding Section 10.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Holder, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is filed with the Administrator prior to the Holder's death.

#### 10.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares issuable pursuant to any Award, unless and until the Board or the Committee has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board or the Committee may require that a Holder make such reasonable covenants, agreements and representations as the Board or the Committee, in its discretion, deems advisable in order to comply with Applicable Law.

(b) All Share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any Share certificate or book entry to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

**10.5 Forfeiture and Claw-Back Provisions.** Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in an Award Agreement or otherwise, or to require a Holder to agree by separate written or electronic instrument, that:

(a) (i) Any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying the Award, shall be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (x) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (y) the Holder at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the

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interests of the Company, as further defined by the Administrator or (z) the Holder incurs a Termination of Service for “cause” (as such term is defined in the discretion of the Administrator, or as set forth in a written agreement relating to such Award between the Company and the Holder); and

(b) All Awards (including any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

10.6 Repricing. Subject to Section 12.2, the Administrator shall not, without the approval of the stockholders of the Company, (i) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per share, or (ii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per share exceeds the Fair Market Value of the underlying Shares. Subject to Section 12.2, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding Award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award. Furthermore, for purposes of this Section 10.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

## ARTICLE 11.

### ADMINISTRATION

11.1 Administrator. The Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and, unless otherwise determined by the Board, shall consist solely of two or more Non-Employee Directors, each of whom is intended to qualify as both a “non-employee director” as defined by Rule 16b-3 of the Exchange Act or any successor rule and an “independent director” under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.1 or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written or electronic notice to the Board. Vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the terms “Administrator” and “Committee” as used in the Plan shall be deemed to refer to the Board and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 11.6.

11.2 Duties and Powers of Committee . It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan as are not inconsistent therewith, to interpret, amend or revoke any such rules and to amend any Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Award Agreement are not affected adversely by such amendment, unless the consent of the Holder is obtained or such

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amendment is otherwise permitted under Section 10.5 or Section 12.10. Any such grant or award under the Plan need not be the same with respect to each Holder. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In its discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or any regulations or rules issued thereunder, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the discretion of the Committee.

11.3 Action by the Committee. Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4 Authority of Administrator. Subject to the Company's Bylaws, the Committee's Charter and any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to Eligible Individuals;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any performance criteria, any reload provision, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and

(k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects.

11.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, and any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all parties.

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11.6 Delegation of Authority. To the extent permitted by Applicable Law, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that in no event shall an officer of the Company be delegated the authority to grant awards to, or amend awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board and the Committee.

## ARTICLE 12.

### MISCELLANEOUS PROVISIONS

12.1 Amendment, Suspension or Termination of the Plan. Except as otherwise provided in this Section 12.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 12.2, increase the limits imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan. Except as provided in Section 12.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after April 27, 2031 (the "Expiration Date"). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

#### 12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 12.2, the Administrator shall equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards, and/or the making of a cash payment, as the Administrator deems appropriate to reflect such Equity Restructuring. The adjustments provided under this Section 12.2(a) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company; provided that whether an adjustment is equitable shall be determined in the discretion of the Administrator.

(b) In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), Change in Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, the Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1, 3.3 and 3.4 on the maximum number and kind of shares which may be issued under the Plan); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the number and kind of Shares (or other securities or property) for which automatic grants are subsequently to be made to new and continuing Non-Employee Directors pursuant to Section 4.5; (iv) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (v) the grant or exercise price per

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share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m)(4)(c) of the Code prior to its repeal unless otherwise determined by the Administrator.

(c) In the event of any transaction or event described in Section 12.2(b) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator, in its discretion, having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of shares of the Company's stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award will terminate and cannot vest, be exercised or become payable after such event.

(d) The Administrator, in its discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(e) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment would (i) with respect to Awards intended to qualify as Performance-Based Compensation, cause such Awards to fail to so qualify or (ii) cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(f) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or

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of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(g) No action shall be taken under this Section 12.2 which shall cause an Award to fail to comply with Section 409A of the Code, to the extent applicable.

(h) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company, in its discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

**12.3 Approval of Plan by Stockholders.** This amended and restated Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption hereof and shall become effective on the date it is approved by the Company's stockholders. Notwithstanding the foregoing, the Prior 2014 Plan shall remain in effect on its existing terms unless and until this amended and restated Plan is approved by the Company's stockholders.

**12.4 No Stockholders Rights.** Except as otherwise provided herein, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

**12.5 Paperless Administration.** In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

**12.6 Effect of Plan upon Other Compensation Plans.** The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) except as otherwise provided in the penultimate sentence of Section 3.1(a), to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

**12.7 Compliance with Laws.** The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

**12.8 Titles and Headings, References to Sections of the Code or Exchange Act.** The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

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12.9 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and any Award Agreements shall be interpreted in accordance with Section 409A of the Code, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A of the Code (including Department of Treasury guidance as may be issued after the Effective Date), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and thereby avoid the application of any penalty taxes under such Section.

12.11 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons or Awards (or portions thereof) uniformly.

12.12 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.13 Indemnification. To the extent allowable pursuant to Applicable Law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.14 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.15 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

12.16 Section 162(m) Limitations. Notwithstanding any other provision of the Plan or any Award, each Award made under the Prior 2014 Plan prior to November 2, 2017 that is intended to qualify as “performance-based compensation” as described in Section 162(m)(4)(C) of the Code prior to its repeal or is otherwise not subject to the deduction limitation of Section 162(m) of the Code (each such Award, a “Section 162(m) Award”) shall be subject to any additional limitations as the Administrator determines necessary for such Section 162(m) Award to qualify as “performance-based compensation” as described in Section 162(m)(4)(C) of the Code prior to its repeal or to otherwise be exempt from Section 162(m) of the Code pursuant to the transition relief rules in the Tax Cuts and Jobs Act of 2017, and to the extent any of the provisions of the Plan or any Award would cause any Section 162(m) Award to fail to so qualify or to otherwise be so exempt, any such provisions shall not apply to such Award to the extent necessary to ensure the continued qualification or exemption of such Award. To the extent permitted by

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applicable law, the Plan and any such Award shall be deemed amended to the extent necessary to conform to such requirements. To the extent necessary with respect to Section 162(m) Awards, the Administrator shall be comprised solely of two or more directors intended to qualify as “outside directors” for purposes of Section 162(m) of the Code.

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**T2 BIOSYSTEMS, INC.  
2014 EMPLOYEE STOCK PURCHASE PLAN**

**(as amended and restated effective October 12, 2023)**

**ARTICLE 1.**

**PURPOSE**

The purposes of this T2 Biosystems, Inc. 2014 Employee Stock Purchase Plan (as it may be amended or restated from time to time, the “**Plan**”) are to assist Eligible Employees of T2 Biosystems, Inc., a Delaware corporation (the “**Company**”), and its Designated Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423(b) of the Code, and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

**ARTICLE 2.**

**DEFINITIONS AND CONSTRUCTION**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates. Masculine, feminine and neuter pronouns are used interchangeably and each comprehends the others.

2.1 “**Administrator**” shall mean the entity that conducts the general administration of the Plan as provided in Article 11. The term “Administrator” shall refer to the Committee unless the Board has assumed the authority for administration of the Plan as provided in Article 11.

2.2 “**Applicable Law**” shall mean any applicable law, including without limitation; (i) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (ii) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (iii) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.3 “**Board**” shall mean the Board of Directors of the Company.

2.4 “**Change in Control**” shall mean and include each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clause (i) and (ii) of paragraph (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.4(a) or 2.4(c)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or

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whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.4(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.5 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder.

2.6 "Common Stock" shall mean the common stock of the Company and such other securities of the Company that may be substituted therefor pursuant to Article 8.

2.7 "Company" shall mean T2 Biosystems, Inc., a Delaware corporation.

2.8 "Compensation" of an Eligible Employee shall mean the gross base compensation received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, excluding overtime payments, sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments.

2.9 "Designated Subsidiary" shall mean any Subsidiary designated by the Administrator in accordance with Section 11.3(b).

2.10 "Effective Date" shall mean October 12, 2023.

2.11 "Eligible Employee" shall mean an Employee who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Common Stock and other stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee; provided, however, that the Administrator may provide in an Offering Document that an Employee of the Company or any Designated Subsidiary shall not be eligible to participate in an Offering Period if: (i) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code; (ii) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which

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service requirement may not exceed two years); (iii) such Employee's customary employment is for twenty hours per week or less; (iv) such Employee's customary employment is for less than five months in any calendar year; and/or (v) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (i), (ii), (iii), (iv) or (v) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

2.12 "*Employee*" shall mean any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Designated Subsidiary. "Employee" shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary as an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three (3)-month period.

2.13 "*Enrollment Date*" shall mean the first Trading Day of each Offering Period.

2.14 "*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.15 "*Fair Market Value*" means, as of any given date, the fair market value of a Share on the date determined as follows:

(a) If the Common Stock is listed on any (i) established securities exchange (such as the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market or the NASDAQ Global Select Market), (ii) national market system or (iii) automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.16 "*Offering Document*" shall have the meaning given to such term in Section 4.1.

2.17 "*Offering Period*" shall have the meaning given to such term in Section 4.1.

2.18 "*Parent*" shall mean any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.19 "*Participant*" shall mean any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Common Stock pursuant to the Plan.

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2.20 “Plan” shall mean this T2 Biosystems, Inc. 2014 Employee Stock Purchase Plan, as it may be amended or restated from time to time.

2.21 “Purchase Date” shall mean the last Trading Day of each Offering Period.

2.22 “Purchase Price” shall mean the purchase price designated by the Administrator in the applicable Offering Document (which purchase price shall not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Article 8 and shall not be less than the par value of a Share.

2.23 “Securities Act” shall mean the Securities Act of 1933, as amended from time to time.

2.24 “Share” shall mean a share of Common Stock.

2.25 “Subsidiary” shall mean any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

2.26 “Trading Day” shall mean a day on which national stock exchanges in the United States are open for trading.

### ARTICLE 3.

#### SHARES SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to Article 8, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be 400,000 Shares. If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for issuance under the Plan.

3.2. Stock Distributed. Any Common Stock distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Common Stock, treasury stock or Common Stock purchased on the open market.

### ARTICLE 4.

#### OFFERING PERIODS; OFFERING DOCUMENTS; PURCHASE DATES

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Common Stock of the Company under the Plan to Eligible Employees during one or more periods (each, an “*Offering Period*”) selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an “*Offering Document*” adopted by the Administrator, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate and shall be incorporated by reference into and made part of the Plan and shall be attached hereto as part of the Plan. The provisions of separate Offering Periods under the Plan need not be identical.

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4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of this Plan by reference or otherwise):

(a) the length of the Offering Period, which period shall not exceed twenty-seven months;

(b) the maximum number of shares that may be purchased by any Eligible Employee during such Offering Period, which, in the absence of a contrary designation by the Administrator, shall be 10,000 shares;

(c) such other provisions as the Administrator determines are appropriate, subject to the Plan.

## ARTICLE 5.

### ELIGIBILITY AND PARTICIPATION

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article 5 and the limitations imposed by Section 423(b) of the Code and the Treasury Regulations thereunder.

#### 5.2 Enrollment in Plan.

(a) Except as otherwise set forth in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Administrator provides.

(b) Each subscription agreement shall designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each payday during the Offering Period as payroll deductions under the Plan. An Eligible Employee may designate any whole percentage of Compensation that is not less than 1% and not more than the maximum percentage specified by the Administrator in the applicable Offering Document (which percentage shall be 20% in the absence of any such designation) as payroll deductions. The payroll deductions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) A Participant may increase or decrease the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed one change to his or her payroll deduction elections during each Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period following five business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article 7.

(d) Except as otherwise set forth in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided in the applicable Offering Document, payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the

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last payroll in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article 7.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article 7 or otherwise becomes ineligible to participate in the Plan.

5.5 Limitation on Purchase of Common Stock. An Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds \$25,000 of the fair market value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Decrease or Suspension of Payroll Deductions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 or the other limitations set forth in this Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the United States. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal payday equal to his or her authorized payroll deduction.

## **ARTICLE 6.**

### **GRANT AND EXERCISE OF RIGHTS**

6.1 Grant of Rights. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole shares of the Company's Common Stock as is determined by dividing (a) such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the last day of the Offering Period.

6.2 Exercise of Rights. On each Purchase Date, each Participant's accumulated payroll deductions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares of the Company, up to the maximum number of shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in

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lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be credited to a Participant's account and carried forward and applied toward the purchase of whole Shares for the next following Offering Period. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Common Stock are to be exercised pursuant to this Article 6 on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article 9. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Participant.

6.5 Conditions to Issuance of Common Stock. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges, if any, on which the Common Stock is then listed; and

(b) The completion of any registration or other qualification of such shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and

(d) The payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and

(e) The lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

## **ARTICLE 7.**

### **WITHDRAWAL; TERMINATION OF EMPLOYMENT OR ELIGIBILITY**

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Administrator no later than one week prior to the end of the Offering Period.

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All of the Participant's payroll deductions credited to his or her account during an Offering Period shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period unless the Participant delivers to the Company a new subscription agreement.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article 7 and the payroll deductions credited to such Participant's account during the Offering Period shall be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 12.4, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated.

## **ARTICLE 8.**

### **ADJUSTMENTS UPON CHANGES IN STOCK**

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), Change in Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the

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successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions may be used to purchase Common Stock prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

(e) To provide that all outstanding rights shall terminate without being exercised.

8.3 No Adjustment Under Certain Circumstances. No adjustment or action described in this Article 8 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

## ARTICLE 9.

### AMENDMENT, MODIFICATION AND TERMINATION

9.1 Amendment, Modification and Termination. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article 8); (b) change the corporations or classes of corporations whose employees may be granted rights under the Plan; or (c) change the Plan in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code.

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

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- (a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;
- (b) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and
- (c) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon.

## ARTICLE 10.

### TERM OF PLAN

The Plan shall be effective on the Effective Date. The effectiveness of the Plan shall be subject to approval of the Plan by the stockholders of the Company within twelve months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

## ARTICLE 11.

### ADMINISTRATION

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the "**Committee**"). The Board may at any time vest in the Board any authority or duties for administration of the Plan.

11.2 Action by the Administrator. Unless otherwise established by the Board or in any charter of the Administrator, a majority of the Administrator shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and, subject to Applicable Law and the Bylaws of the Company, acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Designated Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

- (a) To determine when and how rights to purchase Common Stock shall be granted and the provisions of each offering of such rights (which need not be identical).
  - (b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.
  - (c) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect,
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omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(d) To amend the Plan as provided in Article 9.

(e) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an “employee stock purchase plan” within the meaning of Section 423 of the Code.

11.4 Decisions Binding. The Administrator’s interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

## ARTICLE 12.

### MISCELLANEOUS

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant’s lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant’s interest in the Plan, the Participant’s rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such shares have been issued to the Participant or his or her nominee following exercise of the Participant’s rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant’s account under the Plan in the event of such Participant’s death subsequent to a Purchase Date on which the Participant’s rights are exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant’s account under the Plan in the event of such Participant’s death prior to exercise of the Participant’s rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant’s spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant’s spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant’s death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to anyone or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

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12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees of the Company or any Designated Subsidiary will have equal rights and privileges under this Plan so that this Plan qualifies as an “employee stock purchase plan” within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of this Plan that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

12.7 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

12.8 Reports. Statements of account shall be given to participating Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or any Parent or Subsidiary or to affect the right of the Company or any Parent or Subsidiary to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of stock purchased upon exercise of a right under the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the shares were purchased or (b) within one year after the Purchase Date on which such shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

12.11 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.12 Electronic Forms. To the extent permitted by applicable state law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

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## AMENDMENT NO. 9 TO TERM LOAN AGREEMENT

THIS AMENDMENT NO. 9 TO TERM LOAN AGREEMENT, dated as of October 18, 2023 (this “**Amendment**”) is made among T2 BIOSYSTEMS, INC., a Delaware corporation (“**Borrower**”), the other Obligors party hereto, CRG SERVICING LLC, as administrative agent and collateral agent (in such capacities, “**Administrative Agent**”) and the lenders listed on the signature pages hereof under the heading “LENDERS” (each, a “**Lender**” and, collectively, the “**Lenders**”), with respect to the Loan Agreement described below.

### RECITALS

WHEREAS, Borrower, Administrative Agent and the Lenders are parties to the Term Loan Agreement, dated as of December 30, 2016, with the Subsidiary Guarantors from time to time party thereto (as amended by Amendment No. 1 to Term Loan Agreement, dated as of March 1, 2017, as further amended by Amendment No. 2 to Term Loan Agreement, dated as of December 18, 2017, as further amended by Amendment No. 3 to Term Loan Agreement, dated as of March 16, 2018, as further amended by Amendment No. 4 to Term Loan Agreement, dated as of March 13, 2019, as further amended by Amendment No. 5 to Term Loan Agreement, dated as of September 10, 2019, as further amended by Amendment No. 6, dated as of January 25, 2021, as further amended by Amendment No. 7, dated as of February 15, 2022 and as further amended by Amendment No. 8, to Term Loan Agreement, dated as of November 10, 2022, in each case, by and among Borrower, Administrative Agent and the lenders party thereto, and as further amended, supplemented or modified to date, the “**Loan Agreement**”); and

WHEREAS, Borrower has requested that Administrative Agent and the Lenders, and Administrative Agent and the Lenders have agreed to make certain changes to the Loan Agreement as more fully set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

### SECTION 1. Definitions; Interpretation.

(a) **Terms Defined in Loan Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

(b) **Interpretation.** The rules of interpretation set forth in **Section 1.03** of the Loan Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

**SECTION 2. Amendments to Loan Agreement.** Subject to **Section 3** of this Amendment, the Loan Agreement is hereby amended as follows:

(a) The following definitions in **Section 1.01** of the Loan Agreement are hereby amended and restated in their entirety:

“**Interest-Only Period**” means the period from and including the first Borrowing Date and through but excluding the Payment Date occurring on December 31, 2025.

“**Stated Maturity Date**” means the Payment Date occurring on December 31, 2025.

(b) **Section 10.01** is hereby amended and restated in its entirety as follows:

“**10.01 Minimum Liquidity.** Borrower shall maintain at all times Liquidity in an amount which shall exceed the greater of (i) \$500,000 and (ii) to the extent Borrower has incurred Permitted Priority Debt, the minimum cash balance, if any, required of Borrower by Borrower’s Permitted Priority Debt creditors.”

**SECTION 3. Conditions of Effectiveness.** The effectiveness of **Section 2** of this Amendment shall be subject to the following conditions precedent:

(a) Borrower, Administrative Agent and each of the Lenders shall have duly executed and delivered this Amendment pursuant to **Section 13.04(a)(i)** of the Loan Agreement; *provided, however*, that this Amendment shall have no binding force or effect unless all conditions set forth in this **Section 3** have been satisfied;

(b) no Default or Event of Default (in each case subject to any cure period provided under the Loan Agreement) under the Loan Agreement shall have occurred and be continuing; and

(c) Borrower shall have paid or reimbursed Administrative Agent and the Lenders for their reasonable out of pocket costs and expenses (including the reasonable fees and expenses of Administrative Agent’s and the Lenders’ legal counsel) incurred in connection with this Amendment pursuant to **Section 13.03(a)(i)(z)** of the Loan Agreement.

**SECTION 4. Representations and Warranties; Reaffirmation.**

(a) Borrower hereby represents and warrants to each Lender as follows:

(i) Borrower has full power, authority and legal right to make and perform this Amendment. This Amendment is within Borrower’s corporate powers and has been duly authorized by all necessary corporate action and, if required, by all necessary shareholder action. This Amendment has been duly executed and delivered by Borrower and constitutes a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors’ rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). This Amendment (x) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any third party, except for such as have been obtained or made and are in full force and effect, (y) will not violate (i) the charter, bylaws or other organizational documents of Borrower and its Subsidiaries or (ii) any applicable law or regulation or any order of any Governmental Authority,



other than any such violations in the case of this clause (ii) that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect and (z) will not violate or result in a default under any Material Agreement or agreement creating or evidencing any Material Indebtedness, or give rise to a right thereunder to require any payment to be made by any such Person.

(ii) No Default has occurred or is continuing or will result after giving effect to this Amendment.

(iii) The representations and warranties in **Section 7** of the Loan Agreement are true and correct in all material respects (taking into account any changes made to schedules updated in accordance with **Section 7.20** of the Loan Agreement) (unless qualified by materiality or Material Adverse Effect, in which case they are true in all respects (taking into account any changes made to schedules updated in accordance with **Section 7.20** of the Loan Agreement)) on and as of the date hereof, with the same force as if made on and as of the date hereof (except that the representation regarding representations and warranties that refer to a specific earlier date is that they were true and correct in all material respects (taking into account any changes made to schedules updated in accordance with **Section 7.20** of the Loan Agreement) (unless qualified by materiality or Material Adverse Effect, in which case they are true in and correct in all respects (taking into account any changes made to schedules updated in accordance with **Section 7.20** of the Loan Agreement)) on such earlier date).

(iv) There has been no Material Adverse Effect since the date of the Loan Agreement.

(b) Each Obligor hereby ratifies, confirms, reaffirms, and acknowledges its obligations under the Loan Documents to which it is a party and agrees that the Loan Documents remain in full force and effect, undiminished by this Amendment, except as expressly provided herein. By executing this Amendment, Borrower acknowledges that it has read, consulted with its attorneys regarding, and understands, this Amendment.

**SECTION 5.Release.** In consideration of the agreements of Administrative Agent and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, on behalf of itself and its successors, assigns and other legal representatives, hereby fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Administrative Agent and each Lender, and their respective successors and assigns, and their respective present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Administrative Agent, each Lender and all such other persons being hereinafter referred to collectively as the “**Releasees**” and individually as a “**Releasee**”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower or any of its successors, assigns or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and

date of this Amendment, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Loan Agreement or any of the other Loan Documents or transactions thereunder or related thereto (collectively, the “**Released Claims**”). Borrower understands, acknowledges and agrees that the release set forth above (the “**Release**”) may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of the Release. Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the Release. Borrower acknowledges that the Release constitutes a material inducement to Administrative Agent and the Lenders to enter into this Amendment and that Administrative Agent and the Lenders would not have done so but for Administrative Agent’s and each Lender’s expectation that the Release is valid and enforceable in all events.

#### **SECTION 6. Governing Law; Submission to Jurisdiction; WAIVER OF JURY TRIAL.**

(a) **Governing Law.** This Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York, without regard to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction; *provided that* Section 5-1401 of the New York General Obligations Law shall apply.

(b) **Submission to Jurisdiction.** Borrower agrees that any suit, action or proceeding with respect to this Amendment or any judgment entered by any court in respect thereof may be brought initially in the federal or state courts in Houston, Texas or in the courts of its own corporate domicile and irrevocably submits to the non-exclusive jurisdiction of each such court for the purpose of any such suit, action, proceeding or judgment. This **Section 6** is for the benefit of Administrative Agent and the Lenders only and, as a result, none of Administrative Agent or any Lender shall be prevented from taking proceedings in any other courts with jurisdiction. To the extent allowed by applicable Laws, Administrative Agent and the Lenders may take concurrent proceedings in any number of jurisdictions.

(c) **WAIVER OF JURY TRIAL.** BORROWER, ADMINISTRATIVE AGENT AND EACH LENDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT.

#### **SECTION 7. Miscellaneous.**

(a) **No Waiver.** Except as expressly stated herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Loan Agreement or any of the other Loan Documents or constitute a course of conduct or dealing among the parties. Except as expressly stated herein, Administrative Agent and the Lenders reserve all rights, privileges and remedies under the Loan Documents. Except as amended hereby, the Loan Agreement and other Loan Documents remain unmodified and in full force and effect. All

references in the Loan Documents to the Loan Agreement shall be deemed to be references to the Loan Agreement as amended hereby.

(b) **Severability.** In case any provision of or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(c) **Headings.** Headings and captions used in this Amendment (including the Exhibits, Schedules and Annexes hereto, if any) are included for convenience of reference only and shall not be given any substantive effect.

(d) **Integration.** This Amendment constitutes a Loan Document and, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

(e) **Counterparts.** This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Executed counterparts delivered by facsimile or other electronic transmission (e.g., "PDF" or "TIF") shall be effective as delivery of a manually executed counterpart.

(f) **Controlling Provisions.** In the event of any inconsistencies between the provisions of this Amendment and the provisions of any other Loan Document, the provisions of this Amendment shall govern and prevail. Except as expressly modified by this Amendment, the Loan Documents shall not be modified and shall remain in full force and effect.

[Remainder of page intentionally left blank]

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

BORROWER:

**T2 BIOSYSTEMS, INC.**

By /s/ John Sprague  
Name: John Sprague  
Title: CFO

**[Signature Page to Amendment No. 9 to Term Loan Agreement]**

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ADMINISTRATIVE AGENT:

**CRG SERVICING LLC**

By: /s/ Nathan Hukill  
Name: Nathan Hukill  
Title: Authorized Signatory

LENDERS:

**CRG PARTNERS III L.P.**

By CRG PARTNERS III GP L.P., its General Partner  
By CRG PARTNERS III GP LLC, its General Partner

By: /s/ Nathan Hukill  
Name: Nathan Hukill  
Title: Authorized Signatory

**CRG PARTNERS III – PARALLEL FUND “A” L.P.**

By CRG PARTNERS III – PARALLEL FUND “A” GP L.P., its General Partner  
By CRG PARTNERS III – PARALLEL FUND “A” GP LLC, its General Partner

By: /s/ Nathan Hukill  
Name: Nathan Hukill  
Title: Authorized Signatory

**CRG PARTNERS III (CAYMAN) UNLEV AIV I L.P.**

By CRG PARTNERS III (CAYMAN) GP L.P., its General Partner  
By CRG PARTNERS III (CAYMAN) GP LLC, its General Partner

By: /s/ Nathan Hukill  
Name: Nathan Hukill  
Title: Authorized Signatory

Witness: /s/ Kirby Lyles  
Name: Kirby Lyles

[Signature Page to Amendment No. 9 to Term Loan Agreement]

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**CRG PARTNERS III (CAYMAN) LEV AIV I L.P.**

By CRG PARTNERS III (CAYMAN) GP L.P., its General Partner

By CRG PARTNERS III (CAYMAN) GP LLC, its General Partner

By: /s/ Nathan Hukill

Name: Nathan Hukill

Title: Authorized Signatory

Witness: /s/ Kirby Lyles

Name: Kirby Lyles

**CRG PARTNERS III PARALLEL FUND "B" (CAYMAN) L.P.**

By CRG PARTNERS III (CAYMAN) GP L.P., its General Partner

By CRG PARTNERS III (CAYMAN) GP LLC, its General Partner

By: /s/ Nathan Hukill

Name: Nathan Hukill

Title: Authorized Signatory

Witness: /s. Kirby Lyles

Name: Kirby Lyles

[Signature Page to Amendment No. 9 to Term Loan Agreement]

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**CERTIFICATION  
PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Sperzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of T2 Biosystems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(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.

/s/ John Sperzel

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John Sperzel

President, Chief Executive Officer and Chairman of the Board of Directors  
(Principal Executive Officer)

Date: November 14, 2023

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**CERTIFICATION  
PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John M. Sprague, certify that:

1. I have reviewed this quarterly report on Form 10-Q of T2 Biosystems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(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.

/s/ John M. Sprague

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John M. Sprague  
Chief Financial Officer  
(Principal Accounting Officer and Principal Financial Officer)

Date: November 14, 2023

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**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 T2 Biosystems, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Sperzel, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ John Sperzel

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John Sperzel

President, Chief Executive Officer and Chairman of the Board of Directors  
(Principal Executive Officer)

Date: November 14, 2023

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**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 T2 Biosystems, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Sprague, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

*/s/ John M. Sprague*

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John M. Sprague

Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

Date: November 14, 2023

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