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

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 4, 2021**

# T2 BIOSYSTEMS, INC.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **001-36571** | **20-4827488** |
|---|---|---|
| **(State or other jurisdiction of incorporation)** | **(Commission File Number)** | **(IRS Employer Identification Number)** |

**101 Hartwell Avenue, Lexington, Massachusetts 02421**
**(Address of principal executive offices, including Zip Code)**

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

**N/A**
**(Former Name or Former Address, if Changed Since Last Report)**

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

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

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

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common stock, par value $0.001 per share** | **TTOO** | **The Nasdaq Stock Market LLC (Nasdaq Global Market)** |

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

Emerging growth company ☐

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

**Item 2.02 Results of Operations and Financial Condition**

On March 4, 2021, T2 Biosystems, Inc. (the "Company") issued a press release announcing its financial results for its fiscal quarter and year ended December 31, 2020 and held a conference call to discuss those results. A copy of the Company's press release and a copy of the transcript of the conference call are furnished with this report as Exhibits 99.1 and 99.2, respectively.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 and Exhibits 99.1 and 99.2 of this Current Report on Form 8-K are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Furthermore, such information, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly stated by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release issued March 4, 2021 |
| 99.2 | Transcript of conference call held on March 4, 2021 |

**SIGNATURES**

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

Date: March 9, 2021

**T2 BIOSYSTEMS, INC.**

By: /s/ John Sprague
John Sprague
Chief Financial Officer

**Exhibit 99.1**

**T2 Biosystems Announces Fourth Quarter & Full Year 2020 Financial Results**

LEXINGTON, Mass., March 4, 2020 (GLOBE NEWSWIRE)—T2 Biosystems, Inc. (NASDAQ:TTOO), a leader in the rapid detection of sepsis-causing pathogens, today announced financial results for the fourth quarter and full year ended December 31, 2020.

**Recent Highlights**

- Achieved 2020 revenue of $18.1 million, including product revenue of $11.7 million, representing growth of 118% and 119%, respectively, compared to the prior year period
- Achieved record quarterly revenue of $7.8 million, including product revenue of $5.8 million, representing growth of 154% and 273%, respectively, compared to the prior year period
- Sold 57 T2Dx® Instruments in 2020, including 47 in the U.S., more than doubling the U.S. installed base
- Sold 21 T2Dx Instruments in the fourth quarter, including 19 in the U.S.
- Increased U.S. sepsis test utilization by 72%, resulting in a fourth quarter annualized run rate of approximately $86,000 per legacy sepsis instrument and achieved U.S. COVID test utilization growth resulting in a fourth quarter annualized run rate of approximately $265,000 per instrument sold in 2020
- Determined the T2SARS-CoV-2™ Panel is capable of detecting SARS-CoV-2 virus variants including those identified in the United Kingdom, South Africa and Brazil, along with 99.99% of all currently identified variants based on sequence alignments and *in silico* analysis
- Appointed Aparna Ahuja, MD as Chief Medical Officer to drive clinical programs and raise Company visibility within the medical laboratory community

“We made considerable progress across the business during 2020, including building strong demand for our products. Total product sales increased by 119%, including 284% in the U.S. market. We sold 57 new T2Dx Instruments, including 47 in the U.S., which more than doubled our U.S. instrument installed base, and increased sepsis test utilization in the U.S. by 72% compared to the prior year,” stated John Sperzel, President and CEO of T2 Biosystems. “Heading into 2021, we will continue to focus on three corporate priorities – accelerating our commercialization, improving our operations, and advancing our product pipeline – which we believe positions the company for sustained growth and long-term success.”

**Fourth Quarter 2020 Financial Results**

Total revenue for the fourth quarter of 2020 was $7.8 million, an increase of 154% compared to the prior year period. Product revenue for the fourth quarter of 2020 was $5.8 million, an increase of 273% compared to the prior year period, driven by increased test panel and instrument sales. Research and contribution revenue for the fourth quarter of 2020 was $2.0 million, an increase of 30% compared to the prior year period, driven by increased activity under the BARDA contract.

Operating expenses for the fourth quarter of 2020 were $8.7 million, a decrease of $3.2 million compared to the prior year period, driven by lower selling, general and administrative headcount and spending.

Net loss for the fourth quarter of 2020 was $9.9 million or a loss of $0.07 per share, compared to a net loss of $14.0 million, or a loss of $0.29 per share, in the prior year period.

**Full Year 2020 Financial Results**

Total revenue for 2020 was $18.1 million, an increase of 118%, compared to the prior year period. Product revenue for 2020 was $11.7 million, an increase of 119% compared to the prior year period. Research and contribution revenue for 2020 was $6.5 million, an increase of 115% compared to the prior year period.

Operating expenses for 2020 were $38.2 million, a decrease of $5.4 million compared to the prior year period driven primarily by lower selling, general and administrative headcount and spending.

Net loss for 2020 was $46.8 million, or a loss of $0.39 per share, compared to a net loss of $59.0 million, or a loss of $1.30 per share, in 2019.

Cash, equivalents, marketable securities and restricted cash were $52.7 million as of December 31, 2020.

**2021 Financial Outlook**

The Company expects full year 2021 total revenue to be between $24.0 million and $26.0 million, including product revenue between $16.0 million and $18.0 million and research and contribution revenue of $8.0 million. The Company expects to close at least 30 T2Dx Instrument contracts in 2021.

**Webcast and Conference Call Information**

T2's management team will host a conference call today, March 4, 2021, beginning at 4:30pm ET. Investors interested in listening to the call may do so by dialing 877-407-9208 for domestic callers or 1-201-493-6784 for International callers. A live and recorded webcast of the call will be available on the "Investors" section of the Company's website at www.t2biosystems.com.

**About T2 Biosystems**

T2 Biosystems, a leader in the rapid detection of sepsis-causing pathogens, is dedicated to improving patient care and reducing the cost of care by helping clinicians effectively treat patients faster than ever before. T2 Biosystems' products include the T2Dx® Instrument, T2Candida® Panel, the T2Bacteria® Panel, the T2Resistance™ Panel, and the T2SARS-CoV-2™ Panel and are powered by the proprietary T2 Magnetic Resonance (T2MR®) technology. T2 Biosystems has an active pipeline of future products, including the T2Cauris™ Panel, and T2Lyme™ Panel, as well as additional products for the detection of bacterial and fungal pathogens and associated antimicrobial resistance markers, and biothreat pathogens.

**Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding our revenue results and cash balance, financial outlook, anticipated strategic priorities, product demand, commitments or opportunities, and growth expectations or targets, , as well as statements that include the words "expect," "intend," "plan", "believe", "project", "forecast", "estimate," "may," "should," "anticipate," and similar statements of a future or forward looking nature. Furthermore, statements contained in this document relating to the recent global outbreak of the novel coronavirus disease (COVID-19), the impact of which remains inherently uncertain on our financial results, are forward-looking statements. These forward-looking statements are based on

management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, (i) any inability to (a) realize anticipated benefits from commitments, contracts or products; (b) successfully execute strategic priorities; (c) bring products to market; (d) expand product usage or adoption; (e) obtain customer testimonials; (f) accurately predict growth assumptions; (g) realize anticipated revenues; (h) incur expected levels of operating expenses; or (i) increase the number of high-risk patients at customer facilities; (ii) failure of early data to predict eventual outcomes; (iii) failure to make or obtain anticipated FDA filings or clearances within expected time frames or at all; or (iv) the factors discussed under Item 1A. "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the U.S. Securities and Exchange Commission, or SEC, on March 16, 2020, and other filings the company makes with the SEC from time to time. These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While the company may elect to update such forward-looking statements at some point in the future, unless required by law, it disclaims any obligation to do so, even if subsequent events cause its views to change. Thus, no one should assume that the Company's silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. These forward-looking statements should not be relied upon as representing the company's views as of any date subsequent to the date of this press release.

**Media Contact:**
Gina Kent, Vault Communications
gkent@vaultcommunications.com
610-455-2763

**Investor Contact:**
Philip Trip Taylor, Gilmartin Group
philip@gilmartinIR.com
415-937-5406

**T2 Biosystems, Inc.**
**Consolidated Balance Sheets**
**(Unaudited, in thousands, except share and per share data)**

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 16,793 | $ 11,033 |
| Marketable securities | 25,396 | — |
| Accounts receivable | 5,099 | 2,825 |
| Inventories | 3,636 | 3,599 |
| Prepaid expenses and other current assets | 2,660 | 1,438 |
| Total current assets | 53,584 | 18,895 |
| Property and equipment, net | 3,771 | 5,845 |
| Operating lease right-of-use assets | 11,034 | 3,360 |
| Restricted cash | 551 | 180 |
| Marketable securities | 10,002 | — |
| Other assets | 136 | 206 |
| Total assets | $ 79,078 | $ 28,486 |
| **Liabilities and stockholders' (deficit) equity** | | |
| Current liabilities: | | |
| Notes payable | $ — | $ 42,902 |
| Accounts payable | 2,058 | 3,753 |
| Accrued expenses and other current liabilities | 7,512 | 11,207 |
| Derivative liability | — | 2,425 |
| Deferred revenue | 230 | 285 |
| Total current liabilities | 9,800 | 60,572 |
| Notes payable, net of current portion | 45,235 | — |
| Operating lease liabilities, net of current portion | 10,533 | 1,873 |
| Deferred revenue, net of current portion | 424 | 46 |
| Derivative liability | 1,010 | — |
| Other liabilities | 3,350 | — |
| Commitments and contingencies (see Notes 13) | | |
| Stockholders' (deficit) equity: | | |
| Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding | — | — |
| Common stock, $0.001 par value; 200,000,000 shares authorized; 148,078,974 and 50,651,535 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively | 147 | 51 |
| Additional paid-in capital | 431,545 | 342,121 |
| Accumulated other comprehensive loss | 9 | — |
| Accumulated deficit | (422,975) | (376,177) |
| Total stockholders' (deficit) equity | 8,726 | (34,005) |
| Total liabilities and stockholders' (deficit) equity | $ 79,078 | $ 28,486 |

**T2 Biosystems, Inc.**
**Consolidated Statements of Operations and Comprehensive Loss**
**(Unaudited, in thousands, except share and per share data)**

| | Year ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Revenue: | | |
| Product revenue | $ 11,677 | $ 5,327 |
| Research revenue | 11 | 563 |
| Contribution revenue | 6,442 | 2,445 |
| Total revenue | 18,130 | 8,335 |
| Costs and expenses: | | |
| Cost of product revenue | 21,280 | 16,763 |
| Research and development | 16,919 | 16,326 |
| Selling, general and administrative | 21,287 | 27,304 |
| Total costs and expenses | 59,486 | 60,393 |
| Loss from operations | (41,356) | (52,058) |
| Interest expense, net | (5,504) | (7,348) |
| Other income, net | 62 | 400 |
| Net loss and comprehensive loss | (46,798) | (59,006) |
| Net loss per share — basic and diluted | $ (0.39) | $ (1.30) |
| Weighted-average number of common shares used in computing net loss per share — basic and diluted | 121,331,464 | 45,507,754 |

**T2 Biosystems, Inc.**
**Consolidated Statements of Operations and Comprehensive Loss**
**(Unaudited, in thousands, except share and per share data)**

| | Q4 2020 | Q4 2019 |
|---|---|---|
| Revenue: | | |
| Product revenue | $ 5,834 | $ 1,562 |
| Research revenue | | 294 |
| Contribution revenue | 1,954 | 1,213 |
| Total revenue | 7,788 | 3,069 |
| Costs and expenses: | | |
| Cost of product revenue | 7,476 | 3,611 |
| Research and development | 4,036 | 4,279 |
| Selling, general and administrative | 4,596 | 7,546 |
| Total costs and expenses | 16,108 | 15,436 |
| Loss from operations | (8,320) | (12,367) |
| Interest expense, net | (1,598) | (1,690) |
| Other income, net | 9 | 16 |
| Net loss and comprehensive loss | (9,909) | (14,041) |
| Net loss per share — basic and diluted | $ (0.07) | $ (0.29) |
| Weighted-average number of common shares used in computing net loss per share — basic and diluted | 148,018,044 | 47,870,662 |

**Philip Taylor**

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Thank you operator. I would like to remind everyone that comments made by management today and answers to questions will include forward-looking statements. Those include statements related to T2 Biosystems' future financial and operating results and plans for developing and marketing new products.

Forward-looking statements are based on estimates and assumptions as of today and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied by these statements, including the risks and uncertainties described in T2 Biosystems' annual report on Form 10-K filed with the SEC on March 16, 2020, and other filings the company makes with the SEC from time to time. The company undertakes no obligation to publicly update or revise any forward-looking statements, except as required by law.

With that, I would like to turn the call over to President and CEO, John Sperzel. John?

**John Sperzel**

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Thank you all for joining us today. I want to start by thanking the team at T2 Biosystems for their resilience throughout the pandemic, and for their unwavering commitment to our customers and the patients we serve.

Last year, we made meaningful progress toward our mission: *to fundamentally change the way medicine is practiced through transformative diagnostics that improve the lives of patients around the world*. We are aware of the many lives being saved by usage of our sepsis panels: T2Bacteria, T2Candida, and T2Resistance. This is a reminder of why T2 Biosystems exists! We believe our products can become the standard of care for the detection of sepsis-causing pathogens, improve patient outcomes, reduce the threat of antibiotic resistance, and drive long-term sustained growth.

On today's call, I will highlight the company's strong fourth quarter and full year 2020 performance, share details on the progress within each of our 2020 priorities, and update our 2021 priorities to guide our continued success. I will then turn the call over to John Sprague, who will review our financial results and provide 2021 guidance, before I make some closing remarks and we open the call for questions and answers.

During the fourth quarter, the T2 Biosystems team generated total revenue of $7.8 million, including product revenue of $5.8 million, representing growth of 154% and 273% respectively, compared to the prior year period. For the full year 2020, we generated total revenue of $18.1 million including product revenue of $11.7 million, representing growth of 118% and 119% respectively, compared to the prior year. Each of those financial accomplishments represented record highs for the company.

As we look back at 2020, there are many factors that made the year extremely successful. We made broad changes across the organization. We added deep clinical and commercial experience, as well as diversity, to our board of directors. We strengthened our senior leadership team, reduced operating costs across the company, scaled our manufacturing, advanced our product pipeline, and significantly improved our balance sheet. Throughout the pandemic, we stayed true to our mission and maintained our focus on sepsis.

The human and economic toll related to sepsis is staggering. Sepsis is the number one cost of hospitalization and claims the lives of nearly 270,000 Americans *each year*. In 2020, the U.S. Department of Health and Human Services estimated that the cost of sepsis care for patients in hospitals and skilled nursing facilities was more than $62 billion. The current standard of care for patients at risk of sepsis relies on empiric probability-based protocols to administer antibiotics or antifungals, despite the fact that such protocols are only optimal in 30-50% of cases. This is no better than a coin toss and is the antithesis of precision medicine. To further complicate matters, nearly all diagnostic products used to detect sepsis causing-pathogens rely on positive blood cultures as their clinical specimen. Blood cultures are notoriously insensitive, may require multiple

samples, and can take one to five days to achieve the growth necessary to run post-culture molecular diagnostic tests. We are steadfast in our commitment to drive adoption of our technology and ensure it is a critical part of the sepsis standard of care.

The rapid detection of sepsis-causing pathogens is critical for patients, as each hour of delayed treatment can increase mortality rate by up to eight percent. Our aim is to change the current standard of care by enabling targeted therapy, faster (i.e., within 3-5 hours of the first blood draw). T2 Biosystems has the only FDA cleared products able to detect sepsis-causing pathogens directly from whole blood (i.e., culture independent), in just 3-5 hours. As a sepsis survivor, I can personally attest to the value of rapid detection and appropriate treatment of sepsis-causing pathogens.

In early 2020, we set three corporate priorities intended to strengthen our business: 1) accelerating our sales, 2) improving our operations, and 3) advancing our pipeline. As we enter 2021, we will continue to focus on these three corporate priorities, building on our progress from last year.

**Starting with our first priority, accelerating our sales:**

While 2020 product revenue was bolstered by sales of our T2SARS-CoV-2 tests, which represented 27% of total revenue, we are a sepsis-focused company. It’s important to remember that our decision to develop and launch a COVID-19 test was a strategic decision intended to lay a foundation for the long-term growth with our sepsis products. We saw a clinical link between critically ill, hospitalized COVID-19 patients and the risk of sepsis. We believed hospital microbiology labs, the users of our sepsis products, would need high-quality molecular diagnostic tests for COVID-19. Finally, we believed we could significantly increase our installed base of T2Dx Instruments within the microbiology labs of U.S. hospitals.

We sold 57 T2Dx Instruments during 2020, including 47 in the second half to U.S. hospital microbiology labs, which more than doubled our U.S. installed base. Total 2020 product

revenue in the U.S. increased by 284% compared to the prior year. While the 47 new instruments are currently being used for COVID-19 testing, at an annualized run rate of $265,000 exiting the fourth quarter of 2020, we will begin to transition these accounts to sepsis testing during 2021, in line with our expectation that COVID-19 testing in U.S. hospitals will decline throughout the year. Because this was our game plan from day one, we pre-screened these new customers during the initial sales process to ensure they were sepsis targets, and to obtain commitments to evaluate our sepsis products when COVID-19 pressures ease. Simply stated, everything we have done with COVID-19 was strategically designed to facilitate adoption of our T2Dx Instrument and our sepsis panels.

Our sepsis test utilization continued to increase throughout 2020 for both T2Bacteria and T2Candida, our panels for bacterial infections and fungal infections, respectively. In 2020, the annualized sepsis test utilization among our legacy U.S. instrument installed base increased by 72%, from $50,000 at the beginning of 2020, to approximately $86,000 exiting the fourth quarter.

For 2021, we have set three commercial priorities, or key performance indicators: 1) to transition instruments sold in the second half of 2020 from COVID-19 to sepsis testing, 2) to increase sepsis test utilization in our legacy installed base, and 3) to expand our T2Dx Instrument installed base.

Transitioning instruments that were sold into U.S. hospitals during 2020 from COVID-19 to sepsis testing is a critical part of our strategy and the top commercial objective for 2021. Our commercial team has already initiated conversations with new customers related to sepsis management, which is ahead of schedule.

Driving further adoption of our platform and transitioning accounts from COVID-19 to sepsis testing requires the right commercial strategy and the right team. During 2020, we named a Chief Commercial Officer, as well as heads of U.S. sales and customer operations. In 2021, we added heads of marketing and service, and expect to complete the rebuild of our U.S. sales team by the end of March.

Our Regional Account Managers lead the comprehensive effort that is required to sell sepsis technology into U.S. hospitals. A sale generally requires "selling to the whole hospital" including decision makers on a hospital's sepsis committee, which typically includes representatives from the executive leadership, laboratory, and clinical departments.

We are pleased to announce we recently hired Dr. Aparna Ahuja as the Chief Medical Officer. As a Laboratory Medicine expert, she has extensive relationships in the laboratory community and brings significant diagnostic experience from prior senior leadership roles at Becton Dickenson. Dr. Ahuja will lead our medical and clinical affairs teams to raise the visibility of T2Biosystems and increase awareness of the medical value of our products through generating clinical and health economic data, creation of clinical education programs and focusing on educating clinicians on the use of T2Biosystems' products. She will also lead the development of a Scientific Advisory Board and develop and maintain collaborative relationships with Key Opinion Leaders as well as Professional Associations. We are confident that her leadership will help raise T2Biosystems visibility within the laboratory community.

**Moving to our second priority, improving our operations:**

Early in 2020, we implemented cost savings initiatives across the business which resulted in reductions in our cost structure, headcount, and real estate footprint.

We are making progress with a number of initiatives aimed at improving product gross margins through reductions in cost of goods. We also saw significant increases in unit volume during 2020, which had a favorable impact on overhead absorption, and we scaled our manufacturing four-fold to meet the increased demand. To maintain uninterrupted supply of our products to customers throughout the pandemic, we formed strategic partnerships with key suppliers which we believe will be beneficial in the future.

Finally, we strengthened the balance sheet by raising $85.3 million through the sale of common stock, and we renegotiated the terms of our credit facility with CRG.

In 2021, we will continue to prioritize improvement in product gross margins.

**Moving to our third priority, advancing our pipeline:**

We made significant progress on our new product pipeline during 2020. In March, we made the decision to develop a test to detect SARS-CoV-2, the virus that is responsible for COVID-19 infections. While this product was not on our radar screen when we started the year, our team developed and launched a high-quality molecular diagnostic test, the T2SARS-CoV-2 Panel, under FDA Emergency Use Authorization guidelines, in less than three months. We subsequently determined that the T2SARS-CoV-2™ Panel is capable of detecting SARS-CoV-2 virus variants including those identified in the United Kingdom, South Africa and Brazil, along with 99.99% of all currently identified variants based on sequence alignments and *in silico* analysis.

We continue to prioritize programs under the milestone-based product development contract awarded by the U.S. government, or BARDA, in 2019. As a reminder, total funding available under the BARDA contract is up to $69 million and we are focused on developing three new products: 1) a next generation instrument, 2) a comprehensive sepsis panel, 3) and biothreat panel.

Our next generation instrument is designed to be fully automated and random access, like our current T2Dx Instrument, yet will provide faster turnaround times at a lower cost per reportable result. The instrument is also being designed to detect an increased number of pathogens from a single, whole blood sample.

The comprehensive sepsis panel is designed to cover up to 99% of all blood-borne infections and detect more than 250 species, in addition to all blood-borne antibiotic resistant threats identified by CDC, in a single test. The test is designed to use a whole blood sample and have a turnaround time of less than three hours. We believe this comprehensive sepsis panel has the potential to totally disrupt the traditional blood culture workflow, and become the new standard of care.

The biothreat panel is designed to be the first highly-sensitive, direct-from-blood panel to detect multiple biothreat pathogens from a single patient sample.

The BARDA contract includes a base phase and six options. We completed the base phase during the third quarter of 2020, and met all milestones. This progress led BARDA to exercise option 1 of the contract in October 2020, valued at $10.5 million in funding. We continue to meet the milestones of the contract, and are operating ahead of schedule and under budget.

Now I will turn the call over to John Sprague to detail the third quarter financials.

**John Sprague**

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Thank you, John.

Total revenue for the fourth quarter of 2020 was $7.8 million, an increase of 154% compared to the prior year period. Product revenue for the fourth quarter of 2020 was $5.8 million, an increase of 273% compared to the prior year period driven by increased sales of T2Dx Instrument and T2Bacteria, Candida and SARS-CoV-2 test panels. Research and contribution revenue for the fourth quarter of 2020 was $2.0 million, an increase of 30% compared to the prior year period driven by increased BARDA contract activities.

For the fourth quarter of 2020 product costs were $7.5 million, an increase of $3.9 million compared to the prior year period, driven by increased cost of product sales. Research and development expenses were $4.0 million, a decrease of $0.2 million. Selling, general and administrative expenses were $4.6 million, a decrease of $3.0 million driven by lower head count and spending.

Net loss for the fourth quarter of 2020 was $9.9 million, ($0.07) per share, compared to a net loss of $14.0 million, ($0.29) per share for the prior year period.

Total cash, cash equivalents, marketable securities and restricted cash were $52.7 million as of December 31, 2020.

**2021 Financial Outlook**

We expect full year 2021 total revenues of $24.0 million to $26.0 million, including product revenues of $16.0 million to $18.0 million and research and contribution revenues of $8.0 million. We expect to close at least 30 T2Dx Instrument contracts in 2021, aligning with our focus to transition new accounts from COVID-19 to sepsis testing, increase sepsis test utilization in the current installed base, and to add strategic new customer contracts.

Thank you and back to John Sperzel for closing remarks.

**John Sperzel**

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We built considerable momentum during 2020 with strong demand for our products. We more than doubled both our total product sales and our U.S. installed base of instruments, compared to the prior year. We took actions to improve our overall cost structure, while simultaneously scaling our manufacturing, and significantly improved our balance sheet. We advanced our new product pipeline, including the comprehensive sepsis panel and next generation instrument, both of which are largely funded by the U.S. Government. We are extremely excited about the future of T2 Biosystems and confident in our ability to lead the culture-independent molecular diagnostic sepsis testing market.

We will now open it up to questions. Operator?