

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MOLECULAR TEMPLATES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING THE DEBTORS TO (A) OBTAIN POSTPETITION FINANCING
AND (B) UTILIZE CASH COLLATERAL, (II) GRANTING ADEQUATE
PROTECTION TO THE PREPETITION LENDER, (III) MODIFYING THE
AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING, AND
(V) GRANTING RELATED RELIEF**

Debtor Molecular Templates, Inc. and its affiliate debtor and debtor in possession (together, the “Debtors” or the “DIP Borrowers”) in the above-captioned chapter 11 cases respectfully move (the “Motion”) as follows:

PRELIMINARY STATEMENT

1. The Debtors seek authority to enter into that certain DIP Facility (as defined below) to obtain postpetition financing consistent with the DIP Financing Term Sheet, dated April 20, 2025 (the “DIP Term Sheet”) between the Debtors and K2 HealthVentures LLC the lender party thereto (the “DIP Lender” or “Administrative Agent”) and to access the Prepetition Lender’s (as defined below) cash collateral (“Cash Collateral”) pledged to the Akura Trust Company, LLC, as the collateral trustee (the “Collateral Trustee” and together with the Administrative Agent, the “DIP Agents”) for the benefit of the DIP Lender each on the terms and conditions set forth herein

¹ The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification numbers, are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101 Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.



and in the Interim Order (as defined below).² The DIP Facility is vital to the Debtors' ability to maximize the value of the estates and prevent an imminent value-destructive wind-down and liquidation.

2. The Debtors are a clinical-stage biopharmaceutical company focused on discovering and developing novel biologic therapeutics. In particular, the Debtors specialize in developing proprietary "engineered toxin bodies" ("ETBs"), a next-generation biologic platform designed to treat cancer and other diseases. The Debtors' technology harnesses the unique biological properties of a proprietarily engineered de-immunized bacterial toxin scaffold to create targeted therapies with novel mechanisms of action that induce tumor cell death. *See Declaration of Craig Jalbert in Support of Debtors' Chapter 11 Petitions and First Day Motions* ("First Day Declaration"), ¶¶ 16-19.

3. From June 23, 2017 to December 26, 2024, the Debtors were a publicly traded company with its shares listed on the Nasdaq Global Select Market (ticker symbol: MTEM). The Debtor Molecular Templates, Inc, and its affiliate Debtor are a corporation organized under the laws of the State of Delaware and, until December 31, 2024, maintained its headquarters in Austin, Texas, with additional offices, clinical development operations and research laboratory space throughout Texas and New York. *Id.* at ¶ 20.

4. To help fund its research and development activities, on May 21, 2020, the Debtors entered into a loan and security agreement (the "K2 Initial Loan") with K2 Health Ventures LLC ("K2"), in its capacity as the prepetition lender (the "Prepetition Lender") in which the

² Capitalized terms used but not otherwise defined in this Motion shall have the meaning ascribed to such terms elsewhere in the DIP Term Sheet or the Interim Order.

Prepetition Lender would provide the Debtors \$45,000,000.³ *Id.* at ¶ 27. In April, 2022, the K2 Initial Loan was amended to provide, among other things, that (i) payments would be interest only until the K2 Initial Loan's maturity date of June 1, 2024, and (ii) certain financial covenants under the K2 Initial Loan would apply for the entire term of the agreement.

5. On June 16, 2023, the Debtors entered into the Senior Secured Contingent Value Right Agreement (the "CVR Agreement") with the Prepetition Lender to fully satisfy and discharge the Debtors' obligations under the K2 Initial Loan and terminate the agreement, in exchange for (i) an aggregate repayment in cash of \$27,500,000, (ii) the granting of a contingent value right to the Prepetition Lender, (iii) a security interest in certain of the Debtors' assets, and (iv) the issuance of a warrant to purchase shares of common stock of Debtor Molecular Templates, Inc. to the Prepetition Lender's affiliated holder.⁴ *Id.* at ¶ 28

6. The Board of Directors thereafter appointed, Craig Jalbert of Verdolino & Lowey, P.C., with expertise in restructuring matters, and designated Mr. Jalbert as the sole Director, President, Chief Executive Officer, and Chief Financial Officer of the Debtors to, among other things, facilitate these chapter 11 cases. *Id.* at ¶ 50.

7. Subsequently, discussions began to take place between the Debtors and the Prepetition Lender to discuss potential value-maximizing options for the Company. After

³ The Loan and Security Agreement was drawable in three separate tranches, with the final draw of \$10,000,000 having lapsed on December 31, 2021.

⁴ The contingent value rights require payments to the Prepetition Lender if certain specified events occur, as defined in the CVR Agreement. The payment due upon any such event occurring is capped at an initial amount of approximately \$10,000,000, which can increase, based on a set formula, to a maximum payment obligation of approximately \$26,000,000 (the "Remaining Value"). In addition, to protect its interest in any potential payment of the Remaining Value, the Prepetition Lender was granted a senior security interest in substantially all of the Debtors' assets. The Debtors are also obligated to pay the Prepetition Lender an additional \$2,500,000 upon any change in control, as defined in the CVR Agreement. Further information regarding the CVR Agreement can be found in the First Day Declaration.

extensive arm's-length negotiations, on February 20, 2025, the Debtors entered into the Loan and Security Agreement – Bridge Loan (the “Prepetition Bridge Loan”) with the Prepetition Lender, as administrative agent, and Ankura Trust Company, LLC (“Ankura”), as collateral agent. Under the Prepetition Bridge Loan, the Prepetition Lender provided the Debtors \$560,000 worth of liquidity secured by substantially all of the Debtors’ assets. *Id.* at ¶ 35. The Prepetition Bridge Loan has a maturity date of April 21, 2025 and bears interest at a fixed annual rate of 13.5%. As of the Petition Date, the Debtors have just over \$1,366,231.92 in principal and interest owing on the Prepetition Bridge Loan. *Id.*

8. The Prepetition Bridge Loan enabled the Debtors to retain former employees as independent contractors and certain professionals the Debtors believed were necessary to maintain the value of their assets and prepare for these chapter 11 cases, by which they will seek to implement the issuance of new equity in the reorganized Debtors through a proposed plan reorganization pursuant to the terms of the Restructuring Support Term Sheet (the “Restructuring Term Sheet”). *Id.* at ¶¶ 13, 50-54.

9. Concurrent with entry into the Prepetition Bridge Loan, on February 20, 2025, the Debtors entered into an amended and restated secured contingent value right agreement (the “Amended CVR Agreement”), by and among the Debtors and the Prepetition Lender. The Amended CVR Agreement, among other things, fixes a maturity date of February 1, 2026. *Id.* at ¶ 34.

10. Ultimately, the Debtors agreed to the terms of the proposed DIP Facility and use of Cash Collateral, which is expected to provide the Debtors with sufficient runway to execute a value-maximizing process on reasonable terms under the circumstances. *See Declaration of Brian Ayers in Support of the Debtors’ Motion (I) Authorizing the Debtors to (A)*

Obtain Postpetition Financing and (B) Utilize Cash Collateral, and (II) Granting Adequate Protection to the Prepetition Lender, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, (V) Granting Related Relief (the “Ayers Declaration”), at ¶¶ 6-8. The proposed senior secured super priority debtor-in-possession term loan credit facility (the “DIP Facility”) consists of (i) new money loan commitments in the aggregate maximum principal amount of up to \$3,000,000 (the “New Money DIP Loan Commitments” and the loans made thereunder, the “New Money DIP Loans”), plus (ii) loans representing a “roll up” of a portion of the outstanding Prepetition Loan Obligations⁵ equal to \$9,000,000 (the “Roll Up Loans” and together with the New Money DIP Loans, the “DIP Loans” and the obligations thereunder, the “DIP Obligations”). The New Money DIP Loan Commitment will be made in three (3) draws over the term of the DIP Facility, with an initial maximum aggregate amount of up to \$500,000 (the “Interim Advance”) to be made available to the DIP Borrowers following entry of the interim debtor-in-possession financing order (the “Interim Order”), a second draw of \$1,500,000 (the “Final Order Advance”) to be made available upon and after entry of the final debtor-in-possession financing order (the “Final Order,” and together with the Interim Order, the “DIP Orders”), and a third, discretionary draw of up to \$1,000,000 to be made upon satisfaction of the conditions precedent herein (the “Discretionary Draw”). Pending the entry of the Final Order, the DIP Secured Parties shall be afforded all of the protections contained in the Interim Order. Pursuant to the terms of the DIP

⁵ “Prepetition Loan Obligations” means, as of the Petition Date, the indebtedness of the Debtors to the DIP Secured Parties (in such capacity, the “Prepetition Secured Parties”) under (i) that certain Loan and Security Agreement, dated February 20, 2025, (the “Prepetition Bridge Loan”); and (ii) that certain Amended and Restated Secured Contingent Value Right Agreement, dated February 20, 2025, (the “Amended CVR Agreement”), which amount as of the Petition Date is the sum of (i) a principal amount of \$1,366,231.92 under the Bridge Loan, (ii) a principal amount of \$24,300,515.15 under the Amended CVR Agreement, and (iii) all other amounts accrued but unpaid in connection with the Prepetition Loan Obligations, including, but not limited to, accrued and unpaid interest, unreimbursed costs, fees, expenses, and indemnities owed thereunder.

Term Sheet, the DIP Lender hereby agrees to make the DIP Loans (including the Discretionary Draw to the extent set forth in the DIP Budget) contemplated therein.

11. The DIP Facility will be secured by liens that are senior to the liens under the Prepetition Loan Obligations.

12. The Debtors' cash on hand, as of the Petition Date, is subject to the liens of the Prepetition Lender, and, therefore, constitutes Cash Collateral. The DIP Facility will provide the Debtor with access to the use of Cash Collateral on a consensual basis.

13. The Debtors require the proceeds from the DIP Loans to fund operations during these chapter 11 cases. As of today's date, the Debtors have approximately \$2,000 in cash on hand and it expects that it will need liquidity of approximately \$3,000,000 to confirm a chapter 11 plan. Ayers Decl., at ¶12. Absent immediate access to the DIP Facility and the Cash Collateral, the Debtors will have insufficient liquidity to satisfy, among other things, (i) their working capital and business needs, (ii) the administrative costs of these chapter 11 cases, and (iii) funding requirements necessary to successfully consummate a chapter 11 plan of reorganization. Any delay or inability to draw under the DIP Facility and use the Cash Collateral will require the Debtors to cease their business affairs and cause immediate and irreparable harm to the value of the Debtors' estates to the detriment of all stakeholders. *Id.* at ¶ 7.

14. For these reasons, as well as for the reasons set forth below in the Ayers Declaration and First Day Declaration, the Debtors believe that entry into the DIP Facility is an exercise of the Debtors' sound business judgment and will maximize value for the Debtors' stakeholders. Accordingly, the Debtors respectfully request that the Court approve the Debtors' entry into the DIP Facility and authorizes its use of Cash Collateral.

RELIEF REQUESTED

15. By this Motion, the Debtors seek entry of an interim order substantially in the form attached hereto as **Exhibit A** the Interim Order and Final Order (together, the “Proposed Orders”), approving, among other things:

1. (a) authorizing the Debtors to incur priming senior secured post-petition financing on a superpriority basis; (b) authorizing the Debtors to use Cash Collateral; (c) granting adequate protection, (d) modifying the automatic stay; (e) scheduling a final hearing to consider approval of the Motion on a final basis; and (f) granting related relief;
2. authorizing the Debtors to enter into a senior secured superpriority DIP Facility from the DIP Lender consisting of (x) new money loan commitments in the aggregate maximum principal amount of up to \$3,000,000 million, plus (y) loans representing a “roll up” of a portion of the outstanding Prepetition Loan Obligations equal to \$9,000,000. The New Money DIP Loan Commitment shall be made in three (3) draws over the term of the DIP Facility, with an initial maximum aggregate amount of up to \$500,000 to be made available to the Debtors following entry of the Interim Order, a second draw of \$1,500,000 to be made available upon and after entry of the Final Order, and a third, discretionary draw of up to \$1,000,000 to be made upon satisfaction of the conditions precedent herein. Pending the entry of the Final Order, the DIP Secured Parties shall be afforded all of the protections contained in this Interim Order;
3. authorizing the Debtors to (a) perform all acts to negotiate, make, enter into, and perform under the DIP Term Sheet; (b) negotiate a form of definitive documentation (the “DIP Credit Agreement,” which definitive documentation will be filed in connection with the Final Order); and (c) perform all acts to make, execute and deliver all instruments and documents, including, without limitation, the execution and delivery of, and performance under, one or more amendments, waivers, consents or other modifications to and under the DIP Credit Agreement and the DIP Term Sheet, in each of (a) through (c), in such form as the Debtors and the DIP Lender may agree, provided that such DIP Credit Agreement is consistent in all material respects with the DIP Term Sheet, and provided further that no further approval of the Court shall be required for the Debtors to pay any fees and other expenses (including any attorneys’, accountants’, appraisers’, and financial advisors’ fees), amounts, charges, costs, indemnities, and other obligations paid in connection therewith that do not shorten the maturity of the extensions of credit under the DIP Credit Agreement or DIP Term Sheet or increase the aggregate commitments or the rate of interest payable thereunder;

4. authorizing the Debtors to use the DIP Loans (i) in accordance with, and for the purposes permitted by, the DIP Term Sheet, the Interim Order, and the DIP Budget (subject to Permitted Variances), and (ii) to pay all interest, costs, fees, and other amounts and obligations accrued or accruing under the DIP Term Sheet, all pursuant to the terms and conditions of this Interim Order and the DIP Term Sheet. Approving the DIP Budget in all respects. The Debtors shall use the proceeds of the DIP Facility solely in a manner consistent with the DIP Budget (subject to Permitted Variances and other exclusions set forth in the DIP Term Sheet) and the terms and conditions of the DIP Term Sheet and the Interim Order; and
5. authorizing the Debtors to enter into, execute, deliver, and perform all obligations under the DIP Term Sheet.

JURISDICTION AND VENUE

16. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b). Venue of this case and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

17. The Debtors consent pursuant to rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

18. The statutory bases for the relief requested herein are sections 105(a), 361, 362, 363, 364, and 507 of title 11 of the United States Code (the “Bankruptcy Code”), as supplemented by rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rules 2002-1, 4001-1, 4001-2, and 9013-1.

CONCISE STATEMENT PURSUANT TO BANKRUPTCY RULE 4001

19. In accordance with Bankruptcy Rules 4001(b), (c), and (d), and Local Rule 4001-2, below is a concise statement and summary⁶ of the material terms of the proposed DIP Facility and use of Cash Collateral:

Amount Fed. R. Bankr. P. 4001(c)(1)(B) Local Rule 4001-2(a)(i)(A), (O). Interim Order, at ¶ F. Term Sheet, at 1-3.	The DIP Facility is comprised of up to \$3,000,000, the New Money DIP Loan Commitments and the loans made thereunder, the New Money DIP Loans, plus the Roll-Up in the amount of \$9,000,000, plus a fees and expenses.
Use of Proceeds Fed. R. Bankr. P. 4001(c)(1)(B) Interim Order, at ¶ L. Term Sheet, at 3-4.	The DIP Facility Loans and Cash Collateral may be used for: <ul style="list-style-type: none"> (i) post-petition working capital purposes of the Debtors; (ii) the administration of the Cases, including the funding of a chapter 11 plan and related matters, including the claims reconciliation process and the wind-down of the Debtors; (iii) current interest, fees, and expenses under the DIP Facility; or (iv) as otherwise agreed by the Administrative Agent in the DIP Budget (as defined in the DIP Term Sheet). <p>In each case, solely in accordance with the approved DIP Budget and Interim Order or Final Order, as applicable.</p>
Conditions of Closing and Borrowing Fed. R. Bankr. P. 4001(c)(1)(B)	The obligations of the DIP Lender to make any DIP Loans shall be conditioned on the satisfaction or waiver of the following: <ul style="list-style-type: none"> 1. With respect to the conditions precedent to the Initial Advance: <ul style="list-style-type: none"> (i) any commitment of the DIP Lender to provide the DIP Facility, to consent to the use of Cash Collateral, or to advance the Initial

⁶ The summaries and descriptions of the terms and conditions for the financing and the provisions of the Proposed Orders set forth in this Motion are intended solely for informational purposes to provide the Court and parties in interest with an overview of the significant terms thereof. The summaries and descriptions are qualified in their entirety by the DIP Term Sheet, DIP Facility and Proposed Orders. In the event there is any conflict between this Motion and the Interim or Final Order, the Interim or Final Order (as applicable) will control in all respects. In addition, in the event there is any conflict between the summaries in this Motion and the DIP Term Sheet, the DIP Term Sheet will control in all parts.

<p>Local Rule 4001-2(a)(i)(E)</p> <p>Term Sheet, at 5-6.</p>	<p>Advance shall be conditioned upon completion (or waiver) of the following conditions precedent:</p> <ul style="list-style-type: none"> (a) the entry by the Bankruptcy Court of the Interim Order approving the DIP Facility and the initial DIP Budget in accordance with the terms and conditions set forth herein; and (b) the DIP Borrowers confirmation that there exists no Event of Default at the time of the Initial Advance. <p>2. With respect to the conditions precedent to the Final Order Advance and Discretionary Draw:</p> <ul style="list-style-type: none"> (i) The DIP Lenders commitment to provide any subsequent draws under the DIP Facility or to consent to the continued use of Cash Collateral shall be conditioned upon completion (or waiver) of the following conditions precedent, in each case in a manner satisfactory to the Administrative Agent in its sole and absolute discretion: <ul style="list-style-type: none"> (a) With respect to the Final Order Advance: <ul style="list-style-type: none"> (A) the completion of definitive financing documentation with respect to the DIP Loans (the “DIP Documents”), which DIP Documents shall be executed and delivered by each of the parties thereto and approved by the Bankruptcy Court upon entry of the Interim Order and which DIP Documents shall include: (a) this Term Sheet, (b) the Interim Order, (c) the DIP Budget, (d) a debtor-in-possession term loan credit agreement, and (e) any and all amendments, exhibits, supplements, or schedules to (a)–(d), each of which shall be in form and substance acceptable to the Administrative Agent in its sole discretion; (B) the provision of written notice to the Administrative Agent of a request for a subsequent draw, which notice shall include the draw amount and be provided at least two (2) business days prior to the draw; (C) the entry by the Bankruptcy Court of the Final Order approving the DIP Facility and the initial DIP Budget in accordance with the terms and conditions set forth in the DIP Financing Term Sheet; (D) the DIP Borrowers confirmation that there exists no Event of Default at the time of the subsequent draw; (b) With respect to the Discretionary Draw: <ul style="list-style-type: none"> (A) the provision of written notice to the Administrative Agent of a request for a subsequent draw, which notice shall include the draw amount and be provided at least two (2) business days prior to the draw, which draw shall be no less than \$100,000 and which shall not exceed the Discretionary Draw in the aggregate and
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	<p>(B) the DIP Borrowers confirmation that there exists no Event of Default (as defined below) at the time of the subsequent draw</p> <p>Notwithstanding anything set forth in the DIP Term Sheet to the contrary, if the conditions precedent to any draw are satisfied or waived, then the DIP Lender shall be obligated to make the DIP Loans contemplated under the DIP Budget and the DIP Term Sheet.</p>
<p>Case Milestones</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)</p> <p>Local Rule 4001-2(a)(i)(H)</p> <p>Term Sheet, at 9.</p>	<p>The Debtors shall be subject to the following deadlines in these Chapter 11 Cases (the “<u>Milestones</u>”), each of which may be extended only with the prior written consent of the Administrative Agent, which consent may be withheld in the Administrative Agent’s sole discretion:</p> <ol style="list-style-type: none"> 1. within one (1) business day following the Petition Date, the Debtors shall file a motion for a combined hearing on disclosure statement approval and plan confirmation (the “<u>Solicitation Motion</u>”), along with a combined plan and disclosure statement (the “<u>Plan</u>”); 2. the Bankruptcy Court shall have entered the Interim Order by the date that is no later than three (3) business days following the Petition Date; 3. the Bankruptcy Court shall have entered the Final Order by the date that is no later than thirty (30) days following the Petition Date; 4. the Bankruptcy Court shall have entered an order approving the Solicitation Motion by the date that is no later than thirty (30) days following the Petition Date; and 5. the Bankruptcy Court shall have entered an order confirming the Plan by no later than sixty-five (65) days following the Petition Date.
<p>DIP Financing Maturity Dates</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)</p> <p>Term Sheet, at 3.</p>	<p>The maturity date of the DIP Facility (the “<u>Maturity Date</u>”) shall be the earlier of (i) seventy (70) days following the Petition Date; (ii) the acceleration or termination of the DIP Facility as a result of an Event of Default (as defined below); or (iii) the effective date of a plan filed in the cases and confirmed by the Bankruptcy Court; provided that the Maturity Date may be extended upon the written consent of the Administrative Agent in its sole and absolute discretion. Following the Maturity Date, the DIP Lender shall have no continuing obligation to provide the DIP Loans and the DIP Facility shall terminate.</p>
<p>Interest Rate</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)</p> <p>Local Rule 4001-2(a)(i)(B)</p>	<p>Interest Rate. 13.5% per annum, which interest shall accrue and be capitalized monthly on the 1st business day of each month and added to the principal amount outstanding on such date. Interest shall accrue in kind and shall be paid in full in cash on the Maturity Date or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.</p>

Term Sheet, at 3.	Default Rate. Immediately upon the occurrence and during the continuation of an Event of Default, all obligations outstanding under the DIP Facility shall bear interest at a rate per annum which is five percentage points (5%) above the rate that is otherwise applicable thereto (“ <u>Default Interest</u> ”). Default Interest shall accrue in kind and shall be paid in full in cash on the Maturity Date) or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.
Fees Fed. R. Bankr. P. 4001(c)(1)(B) Local Rule 4001-2(a)(i)(B) Term Sheet, at 3.	Facility Fee. A facility fee equal to one percent (1%) of the funded New Money DIP Loan, which facility fee shall accrue in kind and be paid in full in cash on the Maturity Date (as defined below) or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan. Exit Fee: An exit fee equal to 4.0% of the funded New Money DIP Loan, which shall be paid in full in cash on the Maturity Date or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.
Events of Default Fed. R. Bankr. P. 4001(c)(1)(B)(v), (x) Local Rule 4001-2(a)(i)(M) Interim Order, at ¶ 21. Term Sheet, at 9-10.	Each of the following shall constitute an event of default (the “ <u>Events of Default</u> ”): <ol style="list-style-type: none"> 1. the use of proceeds from the DIP Facility, the DIP Collateral, or the Cash Collateral not in accordance with DIP Financing Term Sheet and the DIP Documents, 2. the use of funds outside of the DIP Budget, subject to the Permitted Variance; 3. the failure to meet any of the Milestones, subject to the availability of the Bankruptcy Court; 4. the Maturity Date 5. any material violation, breach, or default by any Debtor with respect to any of its obligations under the Interim Order; 6. the filing of a pleading, Plan, or document or entry of an order that is inconsistent with the DIP Financing Term Sheet, the DIP Documents, or the Restructuring Support Term Sheet; 7. the reversal or appeal of the DIP Orders; 8. the creation of any lien on the DIP Collateral that is <i>pari passu</i> or senior to the liens of the DIP Secured Parties without the DIP Lender’s consent; 9. the conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; 10. the dismissal of these Chapter 11 Cases; 11. the appointment of a chapter 11 trustee or examiner with expanded powers in these Chapter 11 Cases; 12. the entry of an order terminating the Debtors’ exclusive right to file a plan or the expiration of the Debtors’ exclusive right to file a plan; or 13. the lifting of the automatic stay with respect to or the exercise of any remedies against the DIP Collateral with a fair value in excess of \$50,000 without advance written consent of the DIP Lender.

<p>Security and Priority Status</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)(i)</p> <p>Local Rule 4001-2(a)(i)(G), (N), (P), (U)</p> <p>Interim Order, at ¶¶ F, 13.</p> <p>Term Sheet, at 6-7.</p>	<p>Subject to the following sentence, as security for the DIP Obligations, the DIP Borrowers shall grant to the Collateral Trustee for the benefit of the DIP Lender a security interest in and continuing lien on all of the DIP Borrowers' right, title and interest in, to and under all the DIP Borrowers' assets, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located (all of which being hereafter collectively referred to as the "<u>DIP Collateral</u>"): shall include all assets and property of the DIP Borrowers and their estates, tangible or intangible, now owned or hereafter acquired, whether arising before or after the Petition Date, including, but not limited to, the Prepetition Collateral (as defined below), all equity interests held by the DIP Borrowers (to be limited to the extent of any limitations imposed by applicable law), claims and causes of action (whether asserted or unasserted), including commercial tort claims, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of New York (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)). Subject to the entry of the Final Order, the DIP Collateral shall include all of DIP Borrowers' right, title and interest in and to actions under sections 544, 545, 547, 548 and 550 of the Bankruptcy Code (the "<u>Avoidance Actions</u>") and any proceeds from any such Avoidance Actions. The DIP Liens on the DIP Collateral shall be subject in all respects to the terms of the Priority and Liens section set forth in the DIP Financing Term Sheet.</p> <p>The Interim and Final Order shall contain language providing that the liens granted in connection with the DIP Obligations shall be subject to the priorities and entitled to the superpriority administrative expenses claims described below:</p> <ol style="list-style-type: none"> 1. pursuant to section 364(c)(1) of the Bankruptcy Code, a superpriority administrative expense claim status with priority over all administrative expenses of the kind that are specified in Bankruptcy Code §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provisions of the Bankruptcy Code; 2. pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable and fully and automatically perfected first priority senior security interest in and lien upon all DIP Collateral that as of the Petition Date is unencumbered and not subject to valid, perfected, and non-avoidable liens; provided that such security interest in and lien on DIP Collateral shall be subject to the Carve Out; 3. pursuant to section 364(c)(3) of the Bankruptcy Code, a perfected junior lien, subject to the Carve Out, on all DIP Collateral that is subject to valid, perfected, and nonavoidable Permitted Liens (as defined in the A&R CVR) in existence as of the Petition Date or subject to valid and non-avoidable Permitted Lien (as defined in the Amended CVR Agreement) in

	<p>existence at the time of such commencement that are perfected subsequent to such commencement as permitted by section 546(b) of the Bankruptcy Code; and</p> <p>4. pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable and fully and automatically perfected first priority priming security interest in and lien upon all DIP Collateral, which security interest and lien shall be subject to the Carve Out and any valid, perfected, and non-avoidable Permitted Lien (as defined in the Amended CVR Agreement) (collectively, the liens described in clauses (i), (ii), (iii), and (iv) of this section, the “<u>DIP Liens</u>”).</p>
<p>Validity of Prepetition Liens</p> <p>Fed. R. Bankr. 4001(c)(1)(B)(iii)</p> <p>Local Rule 4001-2(a)(i)(Q)</p> <p>Interim Order, at ¶ N.</p>	<p>Subject to the provisions and limitations contained in paragraph 23 of the Interim DIP Order (including the Challenge Period, as defined herein), the Debtors admit, stipulate, and agree that:</p> <ol style="list-style-type: none"> 1. <i>Prepetition Loan Obligations.</i> Pursuant to the Prepetition Bridge Loan and the Amended CVR Agreement, the Prepetition Lenders provided prepetition financial accommodations to the Debtors; 2. <i>Validity of Prepetition Loan Obligations.</i> The Prepetition Loan Obligations constitute legal, valid, binding, and non-avoidable obligations of the Debtors, as applicable, enforceable in accordance with their respective terms and no portion of the Prepetition Loan Obligations or any payment made to the Prepetition Lender or applied to or paid on account of the obligations owing under the Prepetition Loan Obligations prior to the Petition Date is subject to any contest, attack, rejection, recovery, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim (as such term is used in the Bankruptcy Code), cause of action (including any claims or avoidance actions under Chapter 5 of the Bankruptcy Code), choses in action or other challenge of any nature under the Bankruptcy Code or applicable non-bankruptcy law 3. <i>Validity, Perfection and Priority of Prepetition Liens.</i> As of the Petition Date, pursuant to and in connection with the Prepetition Loan Obligations, the Debtors granted to the Prepetition Lender, for the benefit of itself and its affiliates, a senior, first priority, security interest in and continuing lien on substantially all of their assets and property, including a valid, binding, properly perfected, enforceable, first priority security interest in and continuing lien on the collateral thereunder and all proceeds, products, accessions, rents, and profits thereof, in each case whether then owned or existing or thereafter acquired or arising (collectively, the “<u>Prepetition Collateral</u>”) (the “<u>Prepetition Liens</u>”), which Prepetition Liens are not subject to avoidance, recharacterization, subordination (whether equitable, contractual, or otherwise), recovery, attack, disgorgement, effect, rejection, reduction, disallowance, impairment, counterclaim, offset, crossclaim, defense or Claim under the Bankruptcy Code or applicable non-bankruptcy law, subject and subordinate only to certain other liens

	<p>permitted by the Prepetition Loan Obligations, if any, solely to the extent any such permitted liens were valid, binding, enforceable, properly perfected, non-avoidable and senior in priority to the Prepetition Liens as of the Petition Date (the “<u>Prepetition Permitted Senior Liens</u>”)</p> <p>4. <i>Prepetition Permitted Senior Liens</i>; Continuation of Prepetition Liens. Nothing herein shall constitute a finding or ruling by this Court that any alleged Prepetition Permitted Senior Lien is valid, senior, enforceable, prior, perfected, or non-avoidable. Moreover, nothing herein shall prejudice the rights of any party-in-interest, including, but not limited to, the Debtors, the DIP Agents, or the DIP Lenders to challenge the validity, priority, enforceability, seniority, avoidability, perfection, or extent of any alleged Prepetition Permitted Senior Lien and/or security interests. Unless otherwise required by applicable law, the right of a seller of goods to reclaim goods under section 546(c) of the Bankruptcy Code is not a Prepetition Permitted Senior Lien, as used herein, and is expressly subject to the Prepetition Liens and the DIP Liens. The Prepetition Liens and the DIP Liens are continuing liens and the DIP Collateral is and will continue to be encumbered by such liens;</p> <p>5. <i>Findings Regarding Corporate Authority</i>. Each of the parties to the DIP Loans has all requisite power and authority to execute and deliver the DIP Term Sheet and any other documents to which it is a party and to perform its obligations thereunder</p>
<p>Cash Collateral</p> <p>Fed. R. Bankr. P. 4001(b)(1)(B)</p> <p>Interim Order, ¶ L.</p> <p>Term Sheet, at 4.</p>	<p>Cash Collateral shall mean all cash and cash equivalents of the Debtors, whenever or wherever acquired, and the proceeds of all collateral pledged to the Collateral Trustee for the benefit of the DIP Secured Parties constitute cash collateral, as contemplated by section 363 of the Bankruptcy Code.</p> <p>No DIP Loans, DIP Collateral (as defined below), Cash Collateral, or any portion of the Carve Out (as defined below), may be used directly or indirectly, including without limitation through reimbursement of professional fees of any non-Debtor party, in connection with (i) the investigation, threatened initiation, or prosecution of any claims, causes of action, adversary proceedings or other litigation against any of the DIP Secured Parties, or any action purporting to do the foregoing in respect of the DIP Obligations or the Prepetition Loan Obligations; or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset with respect to the DIP Obligations or Prepetition Loan Obligations.</p> <p>Notwithstanding the foregoing, an aggregate amount of proceeds of the DIP Loans, DIP Collateral and/or Cash Collateral in an amount not to exceed \$25,000 may be used by the Official Committee of Unsecured Creditors, if any (the “<u>Creditors’ Committee</u>”) to investigate the validity, perfection, priority, extent, or enforceability of the liens securing the Prepetition Loan Obligations provided any such investigation must take place within the Challenge Period.</p>

<p>Adequate Protection</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)(iv), (c)(1)(B)(ii)</p> <p>Interim Order, ¶ E.</p> <p>Term Sheet, at 7-8.</p>	<p>The Interim Order and the Final Order shall provide, as adequate protection for the use of the collateral securing the Prepetition Loan Obligations and the priming of the liens and security interests granted to the secured parties under the Prepetition Loan Obligations, a customary adequate protection package of replacement liens and superpriority claims for any diminution in value of the prepetition lender's interest in the Collateral (as defined in the Amended CVR Agreement) (the "<u>Prepetition Collateral</u>"), including:</p> <ol style="list-style-type: none"> 1. superpriority administrative expense claim status; 2. replacement liens on all Prepetition Collateral, junior only to the liens of the DIP Lender, but subject to any prior Permitted Liens; and 3. commencing on the Petition Date, postpetition interest shall accrue in kind on the postpetition loan obligations (the "<u>Postpetition Loan Obligations</u>") on a monthly basis (collectively, the "<u>Adequate Protection</u>") <p>For the avoidance of doubt, the grant of Adequate Protection shall be of no force and effect in the event that a portion of the Prepetition Loan Obligations equal to \$9,000,000 are indefeasibly satisfied in full by the Roll Up Loans or the Prepetition Liens are invalidated for any reason, including without limitation by a Challenge.</p> <p>To the extent any Roll Up Loan is subsequently invalidated for any reason, the Prepetition Loan Obligations, and any Adequate Protection shall be revived retroactively as of the Petition Date and continue as if any liens on the Prepetition Loan Obligations were still in effect as of the Petition Date and the lender's security interests, rights, powers and remedies under the Prepetition Bridge Loan and Amended CVR Agreement shall continue in full force and effect, subject to a Challenge.</p>
<p>Waiver of 506(c), 552(b), and Marshalling</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)(x)</p> <p>Local Rule 4001-2(a)(i)(V), (W), (X).</p> <p>Interim Order, ¶¶ 29-31.</p> <p>Term Sheet, at 10.</p>	<p>Except to the extent of the Carve Out, no costs or expenses of administration of the Cases or any future or successor cases therefrom shall be charged against or recovered from the DIP Collateral (including Cash Collateral) or Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principles of law, without the prior written consent of the Collateral Trustee acting at the direction of the Administrative Agent, and no consent shall be implied from any other action, inaction, or acquiescence by the Collateral Trustee and nothing in this Term Sheet or the DIP Orders shall be deemed to be a consent by the Collateral Trustee to any charge, lien, assessment, or claims against the DIP Collateral (including Cash Collateral) under section 506(c) of the Bankruptcy Code or otherwise.</p> <p>In no event shall the "equities of the case" exception in section 552(b) of the Bankruptcy Code apply to the secured parties under the Prepetition Loan Obligations with respect to proceeds, products, offspring, or profits of any Prepetition Collateral.</p>

	<p>The Final Order shall approve the waiver of all claims against the DIP Collateral (including cash collateral) under section 506(c) of the Bankruptcy Code and similar rights under section 552(b) of the Bankruptcy Code.</p> <p>Upon entry of the Final Order, the DIP Lender and the lender under the Prepetition Loan Obligations shall not be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds shall be received and applied in accordance with the DIP Documents and the documents relating to the Prepetition Loan Obligations, as applicable.</p>
<p>Carveout</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)</p> <p>Local Rule 4002-2(a)(i)(F)</p> <p>Interim Order, ¶¶ 15-20.</p> <p>Term Sheet, at 8.</p>	<p>As used herein, “Carve Out” means the sum of (a) the payment of unpaid fees required to be paid to the Clerk of the Court and to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a) with interest at the statutory rate pursuant to 31 U.S.C. § 3717; (b) reasonable fees and expenses up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (c) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, but subject to final allowance by the Court, all unpaid fees and expenses (the “<u>Allowed Professional Fees</u>”) incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the “<u>Debtor Professionals</u>”), and any Creditors’ Committee (the “<u>Committee Professionals</u>” and, together with the Debtor Professionals, the “<u>Estate Professionals</u>”) at any time before the delivery by any DIP Secured Party of a Carve Out Trigger Notice (as defined below) (the amounts set forth in this clause (c) being the “<u>Pre Carve Out Trigger Notice Cap</u>”); (d) the Allowed Professional Fees of Estate Professionals in an aggregate amount not to exceed \$150,000, less the amount of any retainer held by such Estate Professional and not previously returned or applied to fees and expenses, incurred on or after the first business day following delivery by any DIP Secured Party of the Carve Out Trigger Notice to the extent allowed at any time, whether by interim order, procedural order, or otherwise, but subject to final allowance by the Court, (the amount set forth in this clause (d) being the “<u>Post Carve Out Trigger Notice Cap</u>” and the Pre Carve-Out Trigger Notice Cap together with the Post Carve-Out Trigger Notice Cap and the amounts set forth in clauses (a) and (b), the “<u>Carve-Out Cap</u>”) (the foregoing clauses (a) through (d), collectively, the “<u>Carve Out</u>”).</p>
<p>Indemnification</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)(ix)</p> <p>Term Sheet, at 11.</p>	<p>The DIP Borrowers agree to indemnify and hold the DIP Secured Parties and their respective directors, officers, employees, agents, attorneys, representatives and affiliates harmless from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, and costs and expenses incurred, suffered, sustained or required to be paid by an indemnified party by reason of or resulting from the transactions contemplated hereby; provided however, that no such person will be indemnified for costs, expenses or liabilities to the extent they are determined by a final, non-appealable judgment of a court of competent jurisdiction to have been directly caused by such indemnified party’s gross negligence or willful misconduct.³ In all such litigation, or the preparation therefore, the DIP Secured Parties shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the DIP Borrowers agree to</p>

	pay promptly the reasonable and documented out-of-pocket fees and expenses of such counsel (but limited, in the case of legal fees and expenses, to the reasonable and documented out-of-pocket fees and expenses of one primary counsel for each of the DIP Secured Parties and also appropriate local counsel (including Delaware bankruptcy counsel) in applicable local jurisdictions. Notwithstanding the foregoing, none of the DIP Agents, DIP Lender, or DIP Borrowers or any of their respective affiliates will be liable for any indirect, special, punitive or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) in connection with the transactions contemplated hereby.
Right to File Plan Fed. R. Bankr. P. 4001(c)(1)(B)(v) Term Sheet, at 9.	An Event of Default occurs if the entry of an order terminating the Debtors' exclusive right to file a plan or the expiration of the Debtors' exclusive right to file a plan. Under the Milestones, the Debtors shall file a plan no later than one (1) business day following the Petition Date.
Modification of the Automatic Stay Fed. R. Bankr. P. 4001(c)(1)(B)(iv) Interim Order, ¶ 21(d). Term Sheet, at 10.	Notwithstanding the provisions of Section 362 of the Bankruptcy Code, but subject to the applicable provisions of the DIP Orders, if any Event of Default occurs and is continuing, the Administrative Agent may take any or all of the following actions on behalf of the DIP Lender, no earlier than three (3) business days after written notice to the DIP Borrowers, after an Event of Default occurs: <ol style="list-style-type: none"> 1. terminate the commitment of the DIP Lender to make DIP Loans and its consent to use of proceeds of DIP Facility and Cash Collateral; 2. declare that the unpaid amount of the DIP Obligations, all interest accrued and unpaid thereon, and all other amounts owing or payable under the DIP Documents, this Term Sheet and the DIP Orders to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the DIP Borrowers; 3. foreclose upon the DIP Collateral; or 4. take any other action or exercise any other right or remedy as permitted by the DIP Documents or applicable law.
Secured Party's Expenses and Attorneys' Fees Local Rule 4001-2(a)(i)(K) Term Sheet, 11-12.	The reasonable and documented professional fees and out-of-pocket expenses incurred by the DIP Secured Parties (limited, in the case of counsel, to one primary counsel for each DIP Secured Party plus local Delaware counsel), including expenses incurred in connection with defending the validity and enforceability of the Prepetition Loan Obligations, the DIP Loans, any documentation relating to the foregoing, or any of the liens or adequate protection securing the same, shall be promptly paid by the DIP Borrowers in cash on no less than a monthly basis (documentation in summary form to be sufficient) solely to the extent that funds for payment thereof are set forth in the DIP Budget, <i>provided</i> that the DIP Lender has provided their prior written consent with regard to the DIP Budget, which shall include the approved budget for DIP Lender's counsel and any variance testing in connection with the DIP Budget shall not apply to DIP Secured Parties' counsel fees.

<p>Challenge Period / Investigation of Prepetition Liens and Claims</p> <p>Local Rule 4001-2(a)(i)(L), (Q)</p> <p>Interim Order, ¶ 25.</p>	<p>Subject to the Challenge Period (defined below), the stipulations, admissions, agreements, waivers, and releases contained in this Interim Order, including without limitation the Debtors' Stipulations, shall be binding upon the Debtors and the Debtors are deemed to have irrevocably waived and relinquished all Challenges (defined below) as of the Petition Date. The stipulations, admissions, agreements, waivers, and releases contained in this Interim Order, including without limitation the Debtors' Stipulations, shall be binding upon the Debtors' estates and any of their respective successors, including without limitation, any chapter 7 or chapter 11 trustee, responsible person, examiner with expanded powers, or other estate representative and all other parties-in-interest and all of their successors-in-interest and assigns and all other parties-in-interest and all of their successors-in-interest and assigns, including any Creditors' Committee and any other person acting on behalf of the Debtors' estates, unless and solely to the extent that a party-in-interest with requisite standing (subject in all respects to any agreement or applicable law which may limit or affect such entity's right or ability to do so) granted by order of the Court (or other court of competent jurisdiction), (i) has timely and properly filed an adversary proceeding or contested matter under the Bankruptcy Rules seeking to avoid, object to, or otherwise challenge the findings or Debtors' Stipulations regarding the validity, enforceability, extent, priority, or perfection of the mortgages, security interests, and liens of the Prepetition Lender (any such claim, a "Challenge") before the earlier of (A) as to the Creditors' Committee only, sixty (60) calendar days after the appointment of the Creditors' Committee, and (B) as for all other parties in interest, thirty (30) calendar days after entry of the Interim Order (in each case, a "Challenge Period" and, the date of expiration of each Challenge Period, a "Challenge Period Termination Date"); provided, however, that if, prior to the end of the Challenge Period, (x) the cases convert to chapter 7 or (y) a chapter 11 trustee is appointed, then, in each such case, the Challenge Period shall be extended by the later of (I) sixty (60) calendar days after entry of the Interim Order or (II) the date that is thirty (30) calendar days after its appointment.</p> <p>Upon the expiration of the Challenge Period Termination Date without the filing of a Challenge (or if any such Challenge is filed and overruled): (i) any and all such Challenges by any party (including, without limitation, the Committee, any chapter 11 trustee, and/or any examiner or other estate representative appointed or elected in these Cases, and any chapter 7 trustee and/or examiner or other estate representative appointed or elected in any Successor Cases) shall be deemed to be forever barred; (ii) the Prepetition Loan Obligations shall constitute allowed claims, not subject to counterclaim, setoff, recoupment, reduction, subordination, recharacterization, defense, or avoidance for all purposes in the Chapter 11 Cases and any Successor Cases; (iii) the Prepetition Liens shall be deemed to have been, as of the Petition Date, legal, valid, binding, and perfected secured claims, not subject to recharacterization, subordination, or avoidance; and (iv) all of the Debtors' stipulations and admissions contained in this Interim Order, including without limitation the Debtors' Stipulations, and all other waivers, releases, affirmations, and other stipulations as to the priority, extent, and validity as to the</p>
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	<p>Prepetition Lender's claims, liens, and interests contained in this Interim Order shall be in full force and effect and forever binding upon the Debtors, the Debtors' estates, and all creditors, interest holders, and other parties in interest in these Chapter 11 Cases and any Successor Cases.</p> <p>If any Challenge is timely and properly filed under the Bankruptcy Rules, the stipulations and admissions contained in this Interim Order, including without limitation the Debtors' Stipulations, shall nonetheless remain binding and preclusive on any Creditors' Committee and any other person or entity except to the extent that such stipulations and admissions were expressly challenged in such timely and properly filed Challenge prior to the Challenge Period Termination Date. Nothing in this Interim Order vests or confers on any person (as defined in the Bankruptcy Code), including, without limitation, any Creditors' Committee appointed in the Cases, standing or authority to pursue any cause of action belonging to the Debtors or their estates, and a separate order of the Court conferring such standing on any Creditors' Committee or other party-in-interest shall be a prerequisite for the prosecution of a Challenge by such Creditors' Committee or such other party-in-interest.</p>
<p>Releases</p> <p>Fed. R. Bankr. P. 4001(c)(1)(B)(viii)</p> <p>Interim Order, ¶ N.</p>	<p>Effective as of the date of entry of the Interim Order, each of the Debtors and (subject to the Challenge Period set forth in the DIP Orders) the Debtors' estates, on their own behalf and on behalf of themselves and their respective past, present and future predecessors, successors, heirs, subsidiaries, and assigns, hereby absolutely, unconditionally and irrevocably releases and forever discharges and acquits the DIP Lenders, and each of their respective representatives (collectively, the "<u>Released Parties</u>"), from any and all obligations and liabilities to the Debtors (and their successors and assigns) and from any and all claims (as defined in section 101(5) of the Bankruptcy Code), counterclaims, demands, defenses, offsets, debts, accounts, contracts, liabilities, actions and causes of action arising prior to the Petition Date of any kind, nature or description, whether matured or unmatured, known or unknown, asserted or unasserted, foreseen or unforeseen, accrued or unaccrued, suspected or unsuspected, liquidated or unliquidated, pending or threatened, arising in law or equity, upon contract or tort or under any state or federal law or otherwise, in each case arising out of or related to (as applicable) the DIP Term Sheet, the obligations owing and the financial obligations made thereunder, and the negotiation thereof and of the transactions and agreements reflected thereby, in each case that the Debtors at any time had, now have or may have, or that their predecessors, successors or assigns at any time had or hereafter can or may have against any of the Released Parties for or by reason of any act, omission, matter, cause or thing whatsoever arising at any time on or prior to the date of this Interim Order; provided that any Released Party's obligations to comply with the DIP Term Sheet, on or after the Petition Date shall not be released by the foregoing</p>

BACKGROUND

I. General Background

20. On April 20, 2025 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continues to manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee has been appointed in these cases.

21. Additional detail regarding the Debtors, their business, the events leading to the commencement of this case, and the facts and circumstances supporting the relief requested herein is set forth in the First Day Declaration and Ayers Declaration filed concurrently herewith and incorporated herein by reference.

II. The Debtors’ Prepetition Secured Financing

22. As described above, and in further detail in the First Day Declaration, the Debtors borrowed money on a secured basis from the Prepetition Lender under the Prepetition Bridge Loan and Amended CVR Agreement in order to fund these chapter 11 cases. As of the Petition Date, the Debtors owe the Prepetition Lender the sum of (i) a principal amount of \$ 1,366,231.92 under the Bridge Loan, (ii) a principal amount of \$24,300,515.15 under the Amended CVR Agreement, and (ii) all other amounts accrued but unpaid under the aforementioned Prepetition Loan Obligations.

III. The Debtors’ Need for Debtor-in-Possession Financing and Use of Cash Collateral

23. The Debtors require access to the DIP Facility and authority to use Cash Collateral to ensure they have sufficient liquidity to conduct their business affairs and administer their estates during these chapter 11 cases. Ayers Decl., at ¶¶6-8. Access to the DIP Facility will provide the Debtors with immediate access to liquidity and to the Cash Collateral, which will (a) provide the Debtors with critical working capital for their business affairs; (b) fund other general corporate purposes; (c) fund the payments authorized by the Court pursuant to the “first-day

motions” filed contemporaneously herewith; (d) satisfy administrative costs and expenses incurred in these chapter 11 cases, and, notably, (e) permit the Debtors the runway necessary to consummate a value-maximizing chapter 11 plan of reorganization. *Id.*

24. As stated above, the Debtors have insufficient cash to fund their operations during these chapter 11 cases. Absent authority to enter into and access the DIP Facility, even for a limited period of time, the Debtors will be unable to continue conducting their business affairs, administer these chapter 11 cases, or consummate a value maximizing chapter 11 plan. *Id.* Thus, denial of the authority sought by this Motion would result in a deterioration of value and immediate and irreparable harm to the Debtors’ estates.

25. Immediate access to the DIP Facility is essential so the Debtors can assure interested parties that they have sufficient capital to conduct their business affairs during the pendency of these chapter 11 cases. *Id.* Even with access to Cash Collateral, the Debtors do not believe it would be prudent, or even possible, to administer these chapter 11 cases solely on a “cash collateral” basis.

26. The Debtors have worked closely with their advisors to evaluate their liquidity needs to conduct their business affairs. As part of such evaluation, the Debtors and their advisors reviewed and analyzed the Debtors’ near-term weekly and long-term cash flow forecasts and prepared the budget. *Id.* ¶ 7. These forecasts take into account anticipated disbursements during the projected periods and consider a number of factors, including, but not limited to, the effect of these chapter 11 filings on the operations of the business, fees and interest associated with postpetition financing, professional fees, and vendor obligations, as well as the operational performance of the Debtors’ business. The Debtors believe that the DIP Budget

provides an accurate reflection of the Debtors' funding requirements over the identified period and is reasonable and appropriate under the circumstances.

IV. The DIP Facility is the Best and Only Funding Available

27. The Debtors believe that the DIP Facility represents the best and only option currently available to the Debtors under the circumstances for financing.

28. As noted in the First Day Declaration, the Company has recently faced a number of headwinds that have negatively impacted its businesses, including technical risks associated with research, development and manufacturing of product candidates, development by competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations, and the ability to secure additional capital to fund operations. First Day Decl., at ¶¶ 10-15.

29. Prior to the Petition Date, starting in March 2023, the Debtors, in consultation with their advisors, engaged in three (3) successive rounds of marketing of their assets and exploring strategic alternatives to its clinical stage biotechnology business. *Id.* at ¶11; Ayers Decl., at ¶ 10. However, none of these prepetition marketing processes yielded a viable means to address the Debtors' liquidity concerns. *Id.* As a result, the Debtors, in consultation with their advisors, were thereafter able to raise additional capital in 2023 and 2024 through two private placement equity offerings, but these capital raises came in at well below what had been initially targeted. *Id.*

30. In the beginning of 2025, the Debtors maintained continued liquidity concerns. First Day Decl., at ¶ 13; Ayers Decl., at ¶ 12. Discussions began to take place between the Debtors and the Prepetition Lender to discuss potential value-maximizing alternatives to a state law dissolution, including the potential funding of a chapter 11 plan process by the Prepetition Lender. *Id.* After several weeks of negotiations, and after considering a number of

different wind-down alternatives, the Debtors, in consultation with their advisors, began to negotiate a restructuring support term sheet with the Prepetition Lender that would wipe the Prepetition Loan Obligations held by K2 and effect a transfer of the Debtors' assets to the Prepetition Lender as part of a chapter 11 plan process. *Id.* Ultimately, the Debtors were presented with no other viable opportunities to obtain postpetition financing. *Id.*

31. However, after arms-length negotiations with the Prepetition Lender, the Debtors were able to secure the proposed \$3,000,000 new money DIP Facility pursuant to the terms of the Restructuring Support Term Sheet and DIP Term Sheet. Ayers Decl., ¶ 12. The DIP Facility is critical to the Debtors' ability to pay the administrative costs of these chapter 11 cases and should provide the Debtors with sufficient liquidity to conduct their business affairs and consummate a chapter 11 plan of reorganization. *Id.*

32. Based on the process described above, there are no alternative sources of financing reasonably available to the Debtors. Accordingly, the DIP Facility is reasonable and appropriate under the circumstances and is the Debtors' best and only option available under the circumstances.

33. For all of the reasons set forth herein, the DIP Facility is in the best interests of the Debtors' estates, and the Debtors respectfully request that the Court approve the DIP Facility on the terms and conditions described herein.

BASIS FOR RELIEF REQUESTED

I. The Debtors Should be Authorized to Obtain Secured, Superpriority DIP Financing

A. Entry into the DIP Facility is an Exercise of the Debtors' Sound Business Judgment.

34. The Court should authorize the Debtors, as a sound exercise of their business judgment, to enter into the DIP Facility. Section 364 of the Bankruptcy Code authorizes

the Debtors to obtain secured or superpriority postpetition financing. As long as an agreement to obtain secured credit does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code, courts grant debtors considerable deference to debtors' sound business judgment in obtaining such credit. *See, e.g., In re Trans World Airlines, Inc.*, 163 B.R. 964, 974 (Bankr. D. Del. 1994) (approving a postpetition loan and receivables facility because such facility "reflect[ed] sound and prudent business judgment"); *In re L.A. Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011) ("[C]ourts will almost always defer to the business judgment of a debtor in the selection of the lender."); *In re Barbara K. Enters., Inc.*, Case No. 08-11474, 2008 WL 2439649, at *14 (Bankr. S.D.N.Y. June 16, 2008) (explaining that courts defer to a debtor's business judgment "so long as a request for financing does not 'leverage the bankruptcy process' and unfairly cede control of the reorganization to one party in interest."); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("[C]ases consistently reflect that the court's discretion under section 364 [of the Bankruptcy Code] is to be utilized on grounds that permit [a debtor's] reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest."); *In re Farmland Indus., Inc.*, 294 B.R. 855, 881 (Bankr. W.D. Mo. 2003) (noting that approval of postpetition financing requires, *inter alia*, an exercise of "sound and reasonable business judgment."

35. To determine whether the business judgment standard is met, the Court need only "examine whether a reasonable business person would make a similar decision under similar circumstances." *In re Exide Techs.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006); *see also In re Curlew Valley Assocs.*, 14 B.R. 506, 513-14 (Bankr. D. Utah 1981) (noting that courts should not second guess a debtor's business judgment when the decision involves a "business judgment made in good

faith upon a reasonable basis, and within the scope of [the debtor's] authority under the [Bankruptcy] Code"). Bankruptcy courts will not generally second-guess a debtor's business decisions when those decisions involve "a business judgment made in good faith, upon a reasonable basis, and within the scope of [its] authority under the [Bankruptcy] Code." *In re Curlew Valley Assocs.*, 14 B.R. 506, 513 (Bankr. D. Utah 1981) (footnote omitted). To determine whether the business judgment test is met, "the court 'is required to examine whether a reasonable business person would make a similar decision under similar circumstances.'" *In re Dura Auto. Sys. Inc.*, Case No. 06-11202 (KJC), 2007 Bankr. LEXIS 2764, at *272 (Bankr. D. Del. Aug. 15, 2007) (citation omitted). The Court should evaluate the soundness of a debtor's business judgment, "in context, and considering the relative circumstances of the parties." *Farmland Indus.*, 294 B.R. at 886 ("Viewed in isolation, several of the terms of the [postpetition financing] might appear to be extreme or even unreasonable. Certainly, many of them favor the DIP Lenders. But, taken in context, and considering the relative circumstances of the parties, the Court does not believe that the terms are unreasonable. "); *see also Unsecured Creditors' Comm. Mobil Oil Corp. v. First Nat'l Bank & Trust Co. (In re Elingsen McLean Oil Co., Inc.)*, 65 B.R. 358, 365 n.7 (W.D. Mich. 1986) (recognizing that a debtor may have to enter into "hard bargains" to acquire funds for its reorganization).

36. Here, as described in the First Day Declaration and Ayers Declaration, the Debtors' determination to enter into the DIP Facility was a business decision guided by the Debtors' financial and restructuring needs. Specifically, the Debtors and their advisors determined that the Debtors will require additional liquidity to continue conducting their business affairs while they pursue a value-maximizing process through these chapter 11 cases. The additional certainty

of having an achievable and near-term exit path from chapter 11 on the Petition Date strongly weighed in favor of the Debtors' decision to enter into the DIP Facility.

37. The Debtors' advisors went into the market, over the last two (2) years, in an attempt to find value maximizing alternatives to the Debtors financial concerns. After finding none, the Debtors, ultimately selected the DIP Lender's proposal as the best and only path forward.

38. Accordingly, the Debtors submit that entry into the DIP Facility is in the best interests of the Debtors' creditors, is necessary to preserve the value of the estates' assets, and is an exercise of the Debtors' sound and reasonable business judgment.

B. The Debtors Should be Authorized to Obtain Postpetition Financing on a Secured and Superpriority Basis.

39. The Debtors satisfy the requirements for relief under section 364 of the Bankruptcy Code, which authorizes a debtor to obtain secured or superpriority financing under certain circumstances. Specifically, section 364(c) of the Bankruptcy Code provides that:

If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt:

(1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title;

(2) secured by a lien on property of the estate that is not otherwise subject to a lien; or

(3) secured by a junior lien on property of the estate that is subject to a lien.

11 U.S.C. § 364(c).

40. To satisfy the requirement of section 364(c) of the Bankruptcy Code, a debtor need only demonstrate "by a good faith effort that credit was not acceptable" to the debtor on an unsecured or administrative expense basis. *Bray v. Shenandoah Fed. Savs. & Loan Ass'n*

(*In re Snowshoe Co.*), 789 F.2d 1085, 1088 (4th Cir. 1986) (“The statute imposes no duty to seek credit from every possible lender before concluding that such credit is unavailable.”); *see also Pearl-Phil GMT (Far East) Ltd. v. Caldor Corp.*, 266 B.R. 575, 584 (S.D.N.Y. 2001) (superpriority administrative expenses authorized where debtor could not obtain credit as an administrative expense). When few lenders are likely to be able and willing to extend the necessary credit to a debtor, “it would be unrealistic and unnecessary to require [the debtor] to conduct such an exhaustive search for financing.” *In re Sky Valley, Inc.*, 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988), *aff’d sub nom., Anchor Savs. Bank FSB v. Sky Valley, Inc.*, 99 B.R. 117, 120 n. 4 (N.D. Ga. 1989); *see also Ames Dep’t Stores*, 115 B.R. at 40 (approving financing facility and holding that the debtor made reasonable efforts to satisfy the standards of section 364(c) where it approached four lending institutions, was rejected by two, and selected the most favorable of the two offers it received).

41. The Debtors easily satisfy the standard. Despite significant efforts, as described above, to obtain value maximizing financial alternatives from third parties outside the capital structure, the Debtors did not to obtain any competing financing proposals on any terms. The Debtors determined the DIP Lender’s proposal was the best and only option available under the circumstances to the Debtors and that they could not obtain postpetition financing without granting the liens and claims in the priorities set forth in the DIP Term Sheet and described herein.

C. The DIP Facility Provides for Consensual Priming.

42. Courts may authorize a debtor to obtain postpetition credit secured by a lien that is senior or equal in priority to existing liens on the encumbered property, without the consent of existing lien holders if the debtor cannot otherwise obtain such credit and the interests of existing lien holders are adequately protected. *See* 11 U.S.C. § 364(d)(1). Specifically, section 364(d)(1) of the Bankruptcy Code provides:

(1) The court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if:

(A) the trustee is unable to obtain such credit otherwise; and

(B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.

(2) In any hearing under this subsection, the trustee has the burden of proof on the issue of adequate protection.

11 U.S.C. § 364(d)(1).

43. When determining whether to authorize a debtor to obtain credit secured by senior liens as authorized by section 364(d) of the Bankruptcy Code, courts focus on whether the transaction will enhance the value of the debtor's assets. Courts consider a number of factors, including:

- whether the party subject to a priming lien has consented to such treatment;
- whether alternative financing is available on any other basis (i.e., whether any better offers, bids, or timely proposals are before the court);
- whether the proposed financing is necessary to preserve estate assets and is necessary, essential and appropriate for continued operation of the debtors' business;
- whether the terms of the proposed financing are reasonable and adequate given the circumstances of both the debtors and proposed lender(s); and
- whether the proposed financing agreement was negotiated in good faith and at arms'-length and entry therein is an exercise of sound and reasonable business judgment and in the best interest of the debtor's estate and its creditors.

See, e.g., Ames Dep't Stores, 115 B.R. at 37–39; *Bland v. Farmworker Creditors*, 308 B.R. 109, 113-14 (S.D. Ga. 2003); *Farmland Indus.*, 294 B.R. at 862–79; *In re Lyondell Chem. Co.*, Case No. 09-10023 (Bankr. S.D.N.Y. March 5, 2009); *Barbara K. Enters.*, 2008 WL 2439649 at *10. Here, K2 whose prepetition liens will be primed consented or is deemed to have consented to

the priming of its liens on the terms described herein and set forth in the proposed Interim Order. Further, to the extent a DIP Obligation is not pursuant to the Roll-Up, the DIP Lender is receiving adequate protection in the form of (i) superpriority administrative expense claim status, (ii) replacement liens on all Prepetition Collateral, junior only to the liens of the DIP Lender, but subject to any prior Permitted Liens; and (iii) commencing on the Petition Date, postpetition interest shall accrue in kind on the Postpetition Note Obligations on a monthly basis. Therefore, the relief requested pursuant to section 364(d)(1) of the Bankruptcy Code is appropriate.

D. The Liens Granted Under the DIP Facility Further Reflect a Sound Exercise of the Debtors' Business Judgement.

44. The Debtors believe, after rigorous arm's-length negotiations with the DIP Lender, that the DIP Term Sheet reflects the most favorable terms on which the Debtors are able to obtain postpetition financing and that it could not obtain financing without granting the liens in the priority described herein. Ayers Decl., ¶ 13. Accordingly, because the Debtors judgment does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code, the Court should grant the Debtors considerable deference in acting in accordance with their business judgment and approve the liens required by the DIP Facility. *See, e.g., In re Ames Dep't Stores, Inc.*, 115 B.R. at 40 (courts have discretion under Bankruptcy Code section 364 to permit debtors to exercise reasonable business judgment so long as (i) the terms of the financing agreement do not "leverage the bankruptcy process and powers" and (ii) the financing agreement's purpose is primarily to benefit the estate, and not a party in interest).

E. The Roll Up is Necessary and Appropriate

45. As set forth herein, the Roll Up contemplates refinancing the Prepetition Loan Obligations outstanding as of the Petition Date. Specifically, the Roll-Up rolls up, on a

dollar-for-dollar basis, approximately \$9,000,000 plus fees and expenses of the Prepetition Loan Obligations held by K2 upon entry of the Interim Order.

46. As discussed in the Ayers Declaration, the DIP Lender made it evident in their negotiations with the Debtors that the inclusion of the Roll-Up was a required part of any DIP Facility. Ayers Decl. ¶ 8. Given the thorough negotiations with the DIP Lender, as well as the Debtors' assessment, along with the Debtors financial advisor Rock Creek, that it was unlikely to find better available alternatives given the circumstances, agreeing to the Roll Up was a reasonable exercise of the Debtors' business judgment. The Interim Order preserves the rights of other parties in interest, including the Committee, to investigate and challenge the validity, enforceability, perfection, and priority of the Prepetition Note Obligations and the liens and security interests granted in connection therewith.

47. Courts in this jurisdiction have approved similar features in debtor-in-possession financing package, including on an interim basis. *See, e.g., In re PGX Holdings, Inc.*, Case No. 23-10718 (CTG) (Bankr. D. Del. Jul. 31, 2023) (authorizing an approximately \$63 million DIP Facility, including an approximately \$43 million roll-up); *In re SiO2 Medical Prods., Inc.*, Case No. 23-10366 (JTD) (Bankr. D. Del. Apr. 26, 2023) (authorizing an approximately \$120 million DIP facility, including a \$60 million roll-up of the prepetition term loan); *In re OSG Grp. Holdings, Inc.*, Case No 22-10718 (JTD) (Bankr. D. Del. Aug. 9, 2022) (authorizing an approximately \$25 million DIP and a \$10.7 million roll-up); *In re Phoenix Servs. Topco LLC*, Case No. 22-10906 (MFW) (Bankr. D. Del. Sept. 29, 2022) (authorizing \$25 million in new money on an interim basis with an additional \$25 million funding into escrow on an interim basis available for draw and a roll-up of approximately \$75 million pursuant to interim order); *In re TPC Grp. Inc.*, Case No. 22-10493 (CTG) (Bankr. D. Del. June 3, 2022) (authorizing \$32 million in new

money and a roll-up of \$59 million pursuant to interim order); *In re Nine Point Energy Holdings, Inc.*, Case No. 21-10570 (MFW) (Bankr. D. Del. March 17, 2021) (authorizing \$13 million in new money and a roll-up of \$39 million pursuant to interim order); *In re Libbey Glass Inc.*, Case No. 20-11439 (LSS) (Bankr. D. Del. June 3, 2020) (authorizing \$30 million in new money and a roll-up of \$30 million pursuant to interim order); *In re Orexigen Therapeutics, Inc.*, Case No. 18-10518 (KG) (Bankr. D. Del. March 13, 2018) (authorizing \$7.5 million new money and a roll-up of \$7.5 pursuant to interim order); *In re Remington Outdoor Co., Inc.*, Case No. 18-10684 (BLS) (Bankr. D. Del. Mar. 28, 2018) (authorizing approximately \$338 million DIP and a roll-up of approximately \$150 million pursuant to interim order); *In re Bon-Ton Stores, Inc.*, Case No. 18-10248 (MFW) (Bankr. D. Del. Feb. 6, 2018) (authorizing full roll-up of all \$489 million outstanding prepetition revolving obligations pursuant to interim order); *In re Real Indus. Inc.*, Case No. 17-12464 (KJC) (Bankr. D. Del. Nov. 20, 2017) (authorizing approximately \$365 million DIP that included a creeping roll-up pursuant to interim order and a full roll-up pursuant to final order of approximately \$266 million prepetition debt).

II. Accordingly, the Court should approve the Roll Up of the Prepetition Loan Obligations into DIP Obligations. The Debtors Should Be Authorized to Use Postpetition Collateral, Including Cash Collateral

48. Section 363 of the Bankruptcy Code governs the Debtors' use of Cash Collateral. Under section 363(c)(2), a debtor may not use cash collateral unless "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes the use, sale or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2).

49. Here, the Debtors seek authority to use Cash Collateral, to the extent there exists cash collateral, pursuant to the DIP Budget and have sought approval of various forms of

adequate protection in favor of the Prepetition Lender. Importantly, the Prepetition Lender consents to the use of Cash Collateral on the terms set forth in the Proposed Orders.

50. The Prepetition Lender's Cash Collateral will be used to sustain the Debtors' business affairs, administer these chapter 11 cases, and successfully consummate a chapter 11 plan of reorganization which will allow the Debtors to maximize value of the estates. If the Debtors are unable to use Cash Collateral, they will be unable to fund payroll obligations, procure good and services from vendors, run the necessary plan solicitation process, or administer these chapter 11 cases, thereby dissipating value to the Debtors' estates and their stakeholders. Ayers Decl. ¶¶ 7, 12.

51. Accordingly, based upon the foregoing, the Debtors respectfully request that the Court authorize the Debtors' proposed use of Cash Collateral to which the Prepetition Lender has consented and with respect to which the Prepetition Lender is adequately protected.

III. The DIP Lender Should be Deemed a Good Faith Lender

52. Section 364(e) of the Bankruptcy Code protects a good faith lender's right to collect on loans extended to a debtor, and its right in any lien securing those loans, even if the authority of the debtor to obtain such loans or grant such liens is later reversed or modified on appeal. Section 364(e) provides that:

The reversal or modification on appeal of an authorization under this section [364 of the Bankruptcy Code] to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

11 U.S.C. § 364(e).

53. All negotiations regarding the provision of the DIP Facility were conducted in good faith and on an arm's-length basis. Ayers Decl., at ¶¶ 12, 22. The terms and conditions of the DIP Facility are reasonable. Further, no consideration is being provided to any party to the DIP Facility other than as disclosed herein. Accordingly, the Court should find that the DIP Lender is a "good faith" lender within the meaning of section 364(e) of the Bankruptcy Code and is entitled to all of the protections afforded by that section.

IV. The Scope of the Carve Out is Necessary and Appropriate

54. The DIP Liens are subject to the Carve Out (as described above). Without the Carve Out, the Debtors and other parties-in-interest may be deprived of certain rights and powers because the services for which professionals may be paid in this Chapter 11 Case would be restricted. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (observing that courts insist on carve-outs for professionals representing parties-in-interest because "[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced"). The Carve Out does not directly or indirectly deprive the Debtors' estates or other parties-in-interest of possible rights and powers. Additionally, the Carve Out ensures that assets will be available for the payment of fees of the Clerk of the Bankruptcy Court or the Office of the United States Trustee for the District of Delaware and professional fees of the Debtors and an unsecured creditors committee, if one is appointed. Accordingly, the Carve Out is necessary and appropriate, and should be approved.

V. Modification of the Automatic Stay

55. By this Motion, the Debtors are requesting modification of the automatic stay (to the extent applicable) as necessary to, *inter alia*, (i) implement the terms of the Interim Order and (ii) permit the Debtors to grant the security interests and liens described above and to perform such acts as may be requested to assure the perfection and priority of such security

interests and liens. The Debtors believe that these provisions are required for the Debtors to obtain the DIP Facility and use Cash Collateral as provided in the Interim Order.

56. Stay modification provisions of this kind are ordinary and standard terms of postpetition use of collateral by debtors-in-possession, and, in the Debtors' business judgment, are reasonable and necessary under the present circumstances. *See, e.g., In re Omega Therapeutics, Inc.*, Case No 25-10211 (BLS) (Bankr. D. Del. Mar. 12, 2025); *In re Number Holdings, Inc.*, Case No. 24-10719 (JKS) (Bankr. D. Del. May 9, 2024); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Apr. 26, 2023); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Aug. 24, 2022); *In re Enjoy Tech., Inc.*, Case No. 22-10580 (JKS) (Bankr. D. Del. July 26, 2022); *In re Stimwave Techs. Inc.*, Case No. 22-10541 (KBO) (Bankr. D. Del. July 14, 2022).

57. Accordingly, the Debtors respectfully requests that the Court authorize the modification of the automatic stay in accordance with the terms set forth in the Proposed Orders.

VI. Interim Approval of the DIP Facility

58. Bankruptcy Rule 4001(b) and (c) provide that a final hearing on a motion to use cash collateral pursuant to Bankruptcy Code section 363 or to obtain credit under Bankruptcy Code section 364 be commenced no earlier than 14-days after the service of such motion. Upon request, however, a court is empowered to conduct a preliminary expedited hearing on the motion and to authorize the use of cash collateral and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to a debtor's estate.

59. As described in the First Day Declaration and Ayers Declaration, denial of immediate use of Cash Collateral and access to the DIP Facility will cause immediate and irreparable harm to the value of the Debtors to the detriment of its creditors and other stakeholders. *See* First Day Decl. ¶¶ 41, 44, 50-55, Ayers Decl., at ¶ 7.

60. Accordingly, the Debtors respectfully request that the Court conduct a preliminary hearing on the Motion and authorize the Debtors from the entry of the Interim Order until the Final Hearing to use Cash Collateral and obtain credit under the terms of the DIP Term Sheet.

VII. Request for a Final Hearing

61. Pursuant to Bankruptcy Rules 4001(b)(2), the Debtors request that the Court set a date for the Final Hearing that is no later than twenty-eight (28) days after the entry of the Interim Order and fix the date and time prior to the Final Hearing for parties to file objections to the relief requested by this Motion. The Debtors also request authority to serve a copy of the signed Interim Order, which fixes the time and date for the filing of objections, if any, to entry of the Final Order, by first class mail upon the notice parties listed below, and further requests that the Court deem service thereof sufficient notice of the hearing on the Final Order under Bankruptcy Rule 4001(c)(2).

THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED

62. Bankruptcy Rule 6003 empowers the Court to issue an order, within 21 days after the Petition Date, granting a motion to “use . . . property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” if such requested relief is “needed to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003(a)(2). The Third Circuit has interpreted the language “immediate and irreparable harm” in the context of preliminary injunctions. In that context, the court has instructed that irreparable harm is a continuing harm which cannot be adequately redressed by final relief on the merits and for which money damages cannot provide adequate compensation. *See e.g., Norfolk S. Ry. Co. v. City of Pittsburgh*, 235 Fed. App’x 907, 910 (3d Cir. 2007) (citing *Glasco Hills*, 558 F.2d 179, 181 (3d Cir. 1977)). Furthermore, the harm must be shown to be actual and imminent, not speculative or

unsubstantiated. *See, e.g., Acierno v. New Castle Cnty.*, 40 F.3d 645, 653-55 (3d Cir. 1994). For the reasons discussed above, immediate and irreparable harm would result if the relief requested herein were not granted. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

WAIVER OF BANKRUPTCY RULES 6004(a) AND 6004(h)

63. To the extent Bankruptcy Rule 6004(a) applies, the Debtors respectfully request a waiver of such notice requirement in order to implement the foregoing requested relief.

64. The Debtors also request that the Court waive any stay imposed by Bankruptcy Rule 6004(h), 7062, 9014 or otherwise for all of the reasons described above. Again, the relief that the Debtors seek in this Motion is necessary for the Debtors to conduct their affairs without interruption and to preserve value for its estate. Accordingly, the Debtors respectfully request that the Court waive any stay imposed by the Bankruptcy Rules.

NOTICE

65. Notice of this Motion will be provided consistent with Local Rule 9013-1(m) to: (i) the Office of the United States Trustee, Attn: Jane M. Leamy (jane.m.leafy@usdoj.gov); (ii) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis; (iii) counsel to the Prepetition Lender and the DIP Lender, K2 HealthVentures LLC; (iv) the Internal Revenue Service; (v) the United States Attorney’s Office for the District of Delaware; (vi) the Securities and Exchange Commission; (vii) the Delaware Secretary of State; (viii) the Delaware State Treasury; (x) all taxing authorities to whom the Debtors have paid or owes taxes or related charges; and (xi) any party that has requested notice pursuant to Bankruptcy Rule 2002. Notice will provided by the Debtors to all parties who have asserted or could assert a lien on the DIP Collateral. Given the nature of the relief sought, the

foregoing notice in the Debtors' good faith belief, is the best available under the circumstances and complies with Local Rule 9013-1(m). The Debtors submit that no further notice of is necessary or required under the circumstances.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Orders granting the relief requested in this Motion, and such other and further relief as the Court may deem just and appropriate.

Dated: April 21, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Eric D. Schwartz

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Proposed Counsel to the Debtor and Debtor in Possession

Exhibit A

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MOLECULAR TEMPLATES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Joint Administration Requested)

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) OBTAIN
POSTPETITION FINANCING AND (B) UTILIZE CASH COLLATERAL, (II)
GRANTING ADEQUATE PROTECTION TO THE PREPETITION LENDER, (III)
MODIFYING THE AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING,
AND (V) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) moved this Court on an emergency basis for entry of an interim order (this “Interim Order”), (a) authorizing the Debtors to incur priming senior secured post-petition financing on a superpriority basis; (b) authorizing the Debtors to use cash collateral; (c) granting adequate protection, (d) modifying the automatic stay; (e) scheduling a final hearing to consider approval of the Motion on a final basis (the “Motion”); and (f) granting related relief.² The Court set a hearing on the Motion for [•], 2025 at [•]:00[•].m. prevailing Eastern Time (the “Interim Hearing”), at which counsel for the parties appeared and presented evidence and oral argument. The Motion was presented to the Court as a “first day” motion and complies with the requirements of Bankruptcy Rule 4001(d). Notice of the Motion and the Interim Hearing is proper and sufficient under the exigent circumstances of the Motion and the relief granted in this Interim Order has been

¹ The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification numbers, are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101, Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or DIP Financing Term Sheet dated April 20, 2025, by and between the Debtors and the DIP Lender (the “DIP Term Sheet”) (attached hereto as Exhibit 1), as applicable.

granted in accordance with Bankruptcy Code §§ 102(1), 105, 361, 362, 363, 364, 503, and 507, Bankruptcy Rules 2002, 4001, 6004, and 9014, and Local Rules 2002-1, 4001-1(b), and 9013-1. The Court having considered the interim relief requested in the Motion, the (i) *Declaration of Craig Jalbert in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "Jalbert Declaration"), and (ii) the *Declaration of Brian Ayers in Support of the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to the Prepetition Lender, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* (the "Ayers Declaration," and collectively with the First Day Declaration the "Supporting Declarations"), the DIP Budget (defined below), offers of proof, evidence, and the statements of counsel at the Interim Hearing, and it appearing to the Court that granting the relief sought in the Motion on the terms and conditions contained herein is necessary and essential to enable the Debtors to preserve the value of their businesses and assets, and that such relief is fair and reasonable and that entry of this Interim Order is in the best interests of the Debtors and their respective estates and creditors, and due deliberation and good cause having been shown to grant the relief sought in the Motion,

IT IS HEREBY FOUND AND DETERMINED THAT:³

A. Petition Date. On April 20, 2025 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Court") commencing these chapter 11 cases (the "Chapter 11 Cases").

³ Pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure, findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate.

B. Debtors in Possession. Each Debtor has continued with the management and operation of its business and properties as a debtor in possession pursuant to Bankruptcy Code sections 1107 and 1108. No trustee or examiner has been appointed in these Chapter 11 Cases.

C. Jurisdiction and Venue. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter constitutes a core proceeding within the meaning of 28 U.S.C. § 157(b). The Court has the authority to enter a final order in this matter. Venue is proper in this jurisdiction pursuant to 28 U.S.C. §§ 1408 and 1409.

D. Committee. As of the date hereof, no official committee of unsecured creditors has been appointed in the Chapter 11 Cases pursuant to Bankruptcy Code section 1102 (any such committee, the “Committee”).

E. Adequate Protection. Pursuant to Bankruptcy Code sections 105, 361, 362, and 363(e), the Prepetition Lender is entitled to adequate protection of its interest in the Prepetition Collateral (as defined herein), including any cash collateral, to the extent of any diminution in value of its interest in the Prepetition Collateral, resulting from, among other things, the Carve Out (as defined herein), the use of cash collateral, the use, sale, or lease of any of the Prepetition Collateral, the imposition of the automatic stay pursuant to Bankruptcy Code section 362(a), and for any other reason for which adequate protection may be granted under the Bankruptcy Code (“Diminution in Value”). Based on the Motion, the Supporting Declarations, and the record presented to the Court at the Interim Hearing, the terms of the proposed adequate protection arrangements and the use of the Prepetition Collateral, including any cash collateral, are fair and reasonable and reflect the Debtors’ reasonable business judgment.

F. DIP Facility. The DIP Lender will provide to the Debtors a senior secured superpriority debtor-in-possession term loan credit facility (the “DIP Facility”) consisting of

(x) new money loan commitments in the aggregate maximum principal amount of up to \$3,000,000 (the “New Money DIP Loan Commitments” and the loans made thereunder, the “New Money DIP Loans”), plus (y) loans representing a “roll up” of a portion of the outstanding Prepetition Loan Obligations⁴ equal to \$9,000,000 (the “Roll Up Loans” and together with the New Money DIP Loans, the “DIP Loans” and the obligations thereunder, the “DIP Obligations”). The New Money DIP Loan Commitment will be made in 3 draws over the term of the DIP Facility, with an initial maximum aggregate amount of up to \$500,000 to be made available to the Debtors following entry of this Interim Order, a second draw of \$1,500,000 (the “Final Order Advance”) to be made available upon and after entry of the final debtor-in-possession financing order (the “Final Order,” and together with this Interim Order, the “DIP Orders”), and a third, discretionary draw of up to \$1,000,000 to be made upon satisfaction of the conditions precedent herein (the “Discretionary Draw”). Pending the entry of the Final Order, the DIP Secured Parties⁵ shall be afforded all of the protections contained in this Interim Order. Notwithstanding anything set forth in this Interim Order or DIP Terms Sheet to the contrary, if the conditions precedent to any draw are satisfied or waived, then the DIP Lender shall be obligated to make the DIP Loans contemplated under the DIP Budget and DIP Term Sheet.

⁴ “Prepetition Loan Obligations” means, as of the Petition Date, the indebtedness of the Debtors to the DIP Lender (in such capacity, the “Prepetition Lender”) and other DIP Secured Parties (in such capacities, the “Prepetition Secured Parties”) under (i) that certain Loan and Security Agreement, dated February 20, 2025, (the “Prepetition Bridge Loan”); and (ii) that certain Amended and Restated Secured Contingent Value Right Agreement, dated February 20, 2025, (the “Amended CVR Agreement”), which amount as of the Petition Date is the sum of (i) a principal amount of \$1,366,231.92 under the Prepetition Bridge Loan, (ii) a principal amount of \$24,300,515.15 under the Amended CVR Agreement, and (iii) all other amounts accrued but unpaid in connection with the Prepetition Loan Obligations, including, but not limited to, accrued and unpaid interest, unreimbursed costs, fees, expenses, and indemnities owed thereunder.

⁵ “DIP Secured Parties” means (i) Ankura Trust Company, LLC, as collateral trustee for the DIP Secured Parties (the “Collateral Trustee”), (ii) K2 HealthVentures LLC or one of its subsidiaries, in its capacity as administrative agent to the DIP Lender (the “Administrative Agent” and together with the Collateral Trustee, the “DIP Agents”), (iii) DIP Lender, and (iv) any of their respective successors and assigns.

G. Best Available Financing. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under sections 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange solely for the grant of a super-priority administrative expense, or liens on property of the estates not subject to a lien pursuant to sections 364(c)(1), 364(c)(2), or 364(c)(3) of the Bankruptcy Code. The Debtors assert in the Motion and the Supporting Declarations that the post-petition financing required by the Debtors is not available on terms more favorable, taken as a whole, than the financing offered by K2 HealthVentures LLC and/or one of its subsidiaries, along with its successors and assigns (the “DIP Lender”) pursuant to the DIP Term Sheet. In light of the foregoing, the Debtors have reasonably and properly concluded, in the exercise of their business judgment, that the DIP Facility represents the best financing available to the Debtors at this time, and is in the best interests of the Debtors, their estates, and all of their stakeholders.

H. Good Faith of Prepetition Lender. The terms of the use of the Prepetition Collateral pursuant to this Order have been the subject of negotiations conducted in good faith and at arm’s length among the Debtors and the Prepetition Lender and, pursuant to sections 105, 361, and 363 of the Bankruptcy Code, the Prepetition Lender is hereby found to be an entity that has acted in “good faith” in connection with the negotiation and entry of this Order, and is entitled to the protections provided under section 363(m) of the Bankruptcy Code.

I. Good Faith of DIP Lender. The terms of the DIP Facility have been the subject of negotiations conducted in good faith and at arm’s length among the Debtors and the DIP Lender and, pursuant to sections 105 and 364 of the Bankruptcy Code, the DIP Lender is hereby found to be an entity that has acted in “good faith” in connection with the negotiation of the DIP Term Sheet and the entry of this Order, and is entitled to the protections provided under section 364(e) of the

Bankruptcy Code.

J. Roll Up of Prepetition Loan Obligations. The conversion of the Prepetition Loan Obligations into DIP Obligations is an exercise of the Debtors' business judgment consistent with their fiduciary duties. The DIP Lender would not have been willing to provide the DIP Facility or extend credit to the Debtors thereunder without the "roll up" of the Prepetition Loan Obligations. The Roll-Up Loans benefitted the Debtors and their estates because they enabled the Debtors to obtain urgently needed financing critical to administering these Chapter 11 Cases and funding their operations.

K. Notice. In accordance with Bankruptcy Rules 2002, 4001(b) and (c), and 9014, and Local Rules 2002-1, 4001-1, and 9013-1, notice of the Interim Hearing and the emergency relief requested in the Motion has been provided by the Debtors. Under the circumstances, the notice given by the Debtors of the Motion, the relief requested therein, and the Interim Hearing complies with Bankruptcy Rules 2002, 4001(b) and (c), and 9014 and Local Rules 2002-1, 4001-1, and 9013.

L. Use of Proceeds of DIP Facility and Cash Collateral. The Debtors have prepared and delivered to the DIP Lender the agreed budget (the "DIP Budget"), a copy of which is attached hereto Exhibit 2. The DIP Budget reflects the Debtors' anticipated cash receipts and disbursements for the two-week period following the Petition Date (the DIP Budget and each subsequent budget approved by the DIP Lender in accordance with the DIP Term Sheet, an "Approved Budget"). The Debtors believe that the DIP Budget is reasonable under the facts and circumstances of these Chapter 11 Cases. The DIP Lender is relying upon the Debtors' agreement to comply with the terms set forth in the DIP Term Sheet, the DIP Budget (subject to Permitted Variances), and this

Interim Order in determining to enter into the postpetition financing arrangements provided for herein and to consent to the Debtors' use of cash collateral.

M. Good Cause. The Debtors have a critical need to obtain credit pursuant to the DIP Facility and to use the Prepetition Collateral (including cash collateral) in order to sustain the Debtors' business affairs, administer the Chapter 11 Cases, and successfully consummate a chapter 11 plan, in each such case in accordance with the terms of this Interim Order, including in accordance with the DIP Budget. The Debtors' access to sufficient working capital and liquidity, including through access to the DIP Facility and the use of cash collateral and other Prepetition Collateral, is necessary to preserve and maintain the value of the Debtors' estates. Without the credit available under the DIP Facility and use of cash collateral, the Debtors would likely not have sufficient liquidity to continue to operate their businesses. Entry of this Interim Order will preserve the assets of each Debtor's estate and their value and is in the best interests of the Debtors, their creditors, and their estates. The relief requested in the Motion is necessary, essential, and appropriate, is in the best interests of and will benefit the Debtors, their creditors, and their estates, and, good cause exists for granting the relief requested in the Motion, as set forth herein.

N. Debtors' Stipulations. Subject to the provisions and limitations contained in paragraph 25 hereof (including the Challenge Period, as defined herein), the Debtors admit, stipulate, and agree that:

1. *Prepetition Loan Obligations.* Pursuant to the Prepetition Bridge Loan and the Amended CVR Agreement, the Prepetition Lenders provided prepetition financial accommodations to the Debtors;

2. *Validity of Prepetition Loan Obligations.* The Prepetition Loan Obligations constitute legal, valid, binding, and non-avoidable obligations of the Debtors, as applicable,

enforceable in accordance with their respective terms and no portion of the Prepetition Loan Obligations or any payment made to the Prepetition Lender or applied to or paid on account of the obligations owing under the Prepetition Loan Obligations prior to the Petition Date is subject to any contest, attack, rejection, recovery, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim (as such term is used in the Bankruptcy Code), cause of action (including any claims or avoidance actions under Chapter 5 of the Bankruptcy Code), choses in action or other challenge of any nature under the Bankruptcy Code or applicable non-bankruptcy law;

3. *Validity, Perfection and Priority of Prepetition Liens.* As of the Petition Date, pursuant to and in connection with the Prepetition Loan Obligations, the Debtors granted to the Prepetition Lender, for the benefit of itself and its affiliates, a senior, first priority, security interest in and continuing lien on substantially all of their assets and property, including a valid, binding, properly perfected, enforceable, first priority security interest in and continuing lien on the collateral thereunder and all proceeds, products, accessions, rents, and profits thereof, in each case whether then owned or existing or thereafter acquired or arising (collectively, the “Prepetition Collateral”) (the “Prepetition Liens”), which Prepetition Liens are not subject to avoidance, recharacterization, subordination (whether equitable, contractual, or otherwise), recovery, attack, disgorgement, effect, rejection, reduction, disallowance, impairment, counterclaim, offset, crossclaim, defense or Claim under the Bankruptcy Code or applicable non-bankruptcy law, subject and subordinate only to certain other liens permitted by the Prepetition Loan Obligations, if any, solely to the extent any such permitted liens were valid, binding, enforceable, properly perfected, non-avoidable and senior in priority to the Prepetition Liens as of the Petition Date (the “Prepetition Permitted Senior Liens”);

4. *Prepetition Permitted Senior Liens; Continuation of Prepetition Liens.*

Nothing herein shall constitute a finding or ruling by this Court that any alleged Prepetition Permitted Senior Lien is valid, senior, enforceable, prior, perfected, or non-avoidable. Moreover, nothing herein shall prejudice the rights of any party-in-interest, including, but not limited to, the Debtors, the DIP Agents, or the DIP Lenders to challenge the validity, priority, enforceability, seniority, avoidability, perfection, or extent of any alleged Prepetition Permitted Senior Lien and/or security interests. Unless otherwise required by applicable law, the right of a seller of goods to reclaim goods under section 546(c) of the Bankruptcy Code is not a Prepetition Permitted Senior Lien, as used herein, and is expressly subject to the Prepetition Liens and the DIP Liens. The Prepetition Liens and the DIP Liens are continuing liens and the DIP Collateral is and will continue to be encumbered by such liens;

5. *Release.* Effective as of the date of entry of this Interim Order, each of the

Debtors and (subject to the Challenge Period in paragraph 25) the Debtors' estates, on their own behalf and on behalf of themselves and their respective past, present and future predecessors, successors, heirs, subsidiaries, and assigns, hereby absolutely, unconditionally and irrevocably releases and forever discharges and acquits the DIP Lenders, and each of their respective representatives (collectively, the "Released Parties"), from any and all obligations and liabilities to the Debtors (and their successors and assigns) and from any and all claims (as defined in section 101(5) of the Bankruptcy Code), counterclaims, demands, defenses, offsets, debts, accounts, contracts, liabilities, actions and causes of action arising prior to the Petition Date of any kind, nature or description, whether matured or unmatured, known or unknown, asserted or unasserted, foreseen or unforeseen, accrued or unaccrued, suspected or unsuspected, liquidated or unliquidated, pending or threatened, arising in law or equity, upon contract or tort or under any

state or federal law or otherwise, in each case arising out of or related to (as applicable) the DIP Term Sheet, the obligations owing and the financial obligations made thereunder, and the negotiation thereof and of the transactions and agreements reflected thereby, in each case that the Debtors at any time had, now have or may have, or that their predecessors, successors or assigns at any time had or hereafter can or may have against any of the Released Parties for or by reason of any act, omission, matter, cause or thing whatsoever arising at any time on or prior to the date of this Interim Order; *provided* that any Released Party's obligations to comply with the DIP Term Sheet, on or after the Petition Date shall not be released by the foregoing; and

6. *Findings Regarding Corporate Authority.* Each of the parties to the DIP Loans has all requisite power and authority to execute and deliver the DIP Term Sheet and any other documents to which it is a party and to perform its obligations thereunder.

THEREFORE, IT IS HEREBY ORDERED THAT:

1. Motion Granted. The interim relief sought in the Motion is granted as set forth herein.

2. The Debtors are hereby authorized to enter into and perform under the DIP Facility with the DIP Lender on the terms reflected in the DIP Term Sheet attached hereto as Exhibit 1 (as amended, supplemented, or otherwise modified from time to time in accordance with the terms and conditions set forth herein), which is hereby approved and incorporated herein in its entirety, and to perform all obligations under the DIP Term Sheet, which upon being entered into shall constitute valid, binding, and non-avoidable obligations of the Debtors that are enforceable against the Debtors in accordance with the terms of the DIP Term Sheet and this Interim Order.

3. In furtherance of the foregoing and without further order of this Court, the Debtors are authorized and directed to (a) perform all acts to negotiate, make, enter into, and perform under

the DIP Term Sheet; (b) negotiate a form of definitive documentation (the “DIP Credit Agreement,” which definitive documentation will be filed in connection with the Final Order); and (c) perform all acts to make, execute and deliver all instruments and documents, including, without limitation, the execution and delivery of, and performance under, one or more amendments, waivers, consents or other modifications to and under the DIP Credit Agreement and the DIP Term Sheet, in each of (a) through (c), in such form as the Debtors and the DIP Lender may agree, *provided* that such DIP Credit Agreement is consistent in all material respects with the DIP Term Sheet, and *provided further* that no further approval of the Court shall be required for the Debtors to pay any fees and other expenses (including any attorneys’, accountants’, appraisers’, and financial advisors’ fees), amounts, charges, costs, indemnities, and other obligations paid in connection therewith that do not shorten the maturity of the extensions of credit under the DIP Credit Agreement or DIP Term Sheet or increase the aggregate commitments or the rate of interest payable thereunder.

4. The Debtors may draw the Interim Advance under the DIP Facility subject to the terms and conditions of the DIP Term Sheet.

5. Authorization of DIP Facility.

- a. The Debtors are hereby authorized to use the DIP Loans (i) in accordance with, and for the purposes permitted by, the DIP Term Sheet, this Interim Order, and the DIP Budget (subject to Permitted Variances), and (ii) to pay all interest, costs, fees, and other amounts and obligations accrued or accruing under the DIP Term Sheet, all pursuant to the terms and conditions of this Interim Order and the DIP Term Sheet. The DIP Budget is hereby approved in all respects. The Debtors shall use the proceeds of the DIP

Facility solely in a manner consistent with the DIP Budget (subject to Permitted Variances and other exclusions set forth in the DIP Term Sheet) and the terms and conditions of the DIP Term Sheet and this Interim Order.

- b. The Debtors are hereby authorized to enter into, execute, deliver, and perform all obligations under the DIP Term Sheet. No obligation, payment, transfer, or grant of security hereunder or under the DIP Term Sheet shall be stayed, restrained, voidable, avoidable, or recoverable under the Bankruptcy Code or under any applicable state, federal, or common law (including, without limitation, under chapter 5 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law), or be subject to any defense, reduction, setoff, counterclaim, recoupment, offset, recharacterization, subordination (whether equitable, contractual or otherwise), cross-claims, or any other challenge under the Bankruptcy Code or any applicable law, rule, or regulation by any person or entity.

6. Approval; Evidence of Borrowing Arrangements. All terms, conditions, and covenants set forth in the DIP Term Sheet are approved. All such terms, conditions, and covenants shall be sufficient and conclusive evidence of (i) the borrowing arrangements by and among the Debtors and the DIP Lender, and (ii) each Debtor's assumption and adoption of, and agreement to comply with, all the terms, conditions, and covenants of the DIP Term Sheet for all purposes, including, without limitation, to the extent applicable, the payment of all DIP Obligations arising thereunder, including, without limitation, all principal, interest, fees, and other expenses, including, without limitation, all of the DIP Lender's closing, arranger, and administrative fees,

professional fees, attorney's fees and legal expenses. Upon effectiveness thereof, the DIP Term Sheet shall evidence the DIP Obligations, which DIP Term Sheet and DIP Obligations shall be valid, binding, and enforceable against the Debtors, their estates, and any successors thereto, including, without limitation, any trustee appointed in any of these Chapter 11 Cases or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of these Chapter 11 Cases (collectively, the "Successor Cases"), and their creditors and other parties-in-interest, in each case, in accordance with the terms of this Interim Order and the DIP Term Sheet.

7. Payment of DIP Fees and Expenses. In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized and directed to pay all fees and expenses in connection with or that may be reasonably required, necessary, or desirable for the Debtors' performance of the DIP Obligations, including, without limitation the non-refundable payment to the DIP Lender of all fees, including amendment fees, servicing fees, audit fees, upfront fees, closing fees, exit fees, closing date fees, prepayment fees or agency fees, and professional fees which fees shall be irrevocable whether or not the transactions contemplated hereby are consummated, and upon payment thereof, shall not be subject to any contest, attack, rejection, recoupment, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim, cause of action or other challenge of any nature under the Bankruptcy Code, applicable non-bankruptcy law or otherwise and any amounts due (or that may become due) in respect of the indemnification and expense reimbursement obligations, in each case referred to in and payable pursuant to the DIP Term Sheet and the costs and expenses as may be due from time to time, including, without limitation, fees and expenses of the professionals retained by, or on behalf of, any of the DIP Lender in each case, as provided for in and payable pursuant to the DIP Term Sheet, without the need to file retention motions or fee applications.

8. Conversion of Prepetition Loan Obligations. Upon the entry of this Interim Order and the satisfaction or waiver of all other closing conditions in the DIP Term Sheet, without any further action by the Debtors or any other party, the Debtors shall be authorized, directed, and deemed to immediately borrow the Interim Advance. Upon entry of this Interim Order, all obligations under or in connection with the Prepetition Loan Obligations shall be subject to the DIP Term Sheet and shall constitute DIP Obligations.

9. Indemnification. The Debtors are authorized to indemnify and hold harmless the DIP Secured Parties, and each of their affiliates, and each such person's representatives, agents, attorneys, officers, directors, and employees, in accordance with, and subject to, the DIP Term Sheet, which indemnification is hereby authorized and approved.

10. The DIP Liens.

- a. To secure performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of any and all DIP Obligations of the Debtors to the DIP Lender of whatever kind, nature, or description, whether absolute or contingent, now existing or hereafter arising and wherever located, the DIP Lender shall have and is hereby granted, effective as of the Petition Date, continuing, valid, binding, enforceable, non-avoidable, and automatically and properly perfected security interests in and liens (collectively, the "DIP Liens") in and upon all DIP Collateral (as defined in the DIP Term Sheet). The DIP Liens on the DIP Collateral securing the DIP Obligations shall be first and senior in priority to all other interests and liens of every kind, nature, and description, whether created consensually, by an order of the Court or otherwise, including, without

limitation, liens or security interests granted in favor of third parties in conjunction with sections 363, 364, or any other provisions of the Bankruptcy Code or any other section of the Bankruptcy Code or other applicable law; *provided, however*, that (A) the DIP Liens shall be subject to the Carve Out, and (B) the DIP Liens shall be subject to any valid, perfected, and non-avoidable Permitted Lien in existence as of the Petition Date or subject to valid and non-avoidable Permitted Lien in existence at the time of such commencement that are perfected subsequent to such commencement as permitted by section 546(b) of the Bankruptcy Code.

- b. Post-Petition Lien Perfection. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection, and validity of the DIP Liens, the Adequate Protection Liens, and any other security interests granted herein, effective as of the Petition Date, without any further act and without regard to any other federal, state, or local requirements or law requiring notice, filing, registration, recording, or possession of the DIP Collateral, or other act to validate or perfect such security interest or lien, including, without limitation, control agreements with any financial institution(s) party to a control agreement or other depository account consisting of DIP Collateral, or requirement to register liens on any certificates of title (a “Perfection Act”). Notwithstanding the foregoing, if the DIP Lender shall, in its sole discretion, elect for any reason to file, record, or otherwise effectuate any Perfection Act, then the DIP Lender is authorized to perform such act, and the Debtors are authorized and directed

to perform such act to the extent necessary or required by the DIP Term Sheet, which act or acts shall be deemed to have been accomplished as of the date and time of entry of this Interim Order notwithstanding the date and time actually accomplished, and, in such event, the subject filing or recording office is authorized to accept, file, or record any document in regard to such act in accordance with applicable law. The DIP Lender may choose to file, record, or present a certified copy of this Interim Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file, or record such certified copy of this Interim Order in accordance with applicable law. Should the DIP Lender so choose and attempt to file, record, or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive, or alter the validity, enforceability, attachment, priority, or perfection of the post-petition liens and security interests granted herein by virtue of the entry of this Interim Order.

- c. To the extent that any applicable non-bankruptcy law otherwise would restrict the granting, scope, enforceability, attachment, or perfection of any liens and security interests granted and created by this Interim Order (including the DIP Liens and the Adequate Protection Liens (as defined below)) or otherwise would impose filing or registration requirements with respect to such liens and security interests, such law is hereby preempted to the maximum extent permitted by the Bankruptcy Code, applicable federal

or foreign law, and the judicial power and authority of this Court; *provided, however*, that nothing herein shall excuse the Debtors from payment of any local fees, if any, required in connection with such liens. By virtue of the terms of this Interim Order, to the extent that DIP Lender has filed Uniform Commercial Code financing statements, mortgages, deeds of trust, or other security or perfection documents under the names of any of the Debtors, such filings shall be deemed to properly perfect its liens and security interests granted and confirmed by this Interim Order without further action by the DIP Lender.

- d. Subject to the Carve Out, the DIP Liens, the DIP Superpriority Claims (defined below), and the Adequate Protection Liens (i) shall not be made subject to or *pari passu* with (A) any lien, security interest, or claim heretofore or hereinafter granted in any of these Chapter 11 Cases or any Successor Cases and shall be valid and enforceable against the Debtors, their estates, any trustee, or any other estate representative appointed or elected in these Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of these Chapter 11 Cases or any Successor Cases; (B) any lien that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or otherwise; and (C) any intercompany or affiliate lien or claim; and (ii) shall not be subject to Bankruptcy Code sections 510, 549, 550, or 551.

11. Superpriority Administrative Expenses. Subject to the Carve Out, all DIP Obligations now existing or hereafter arising pursuant to this Interim Order, the DIP Term Sheet,

or otherwise, the DIP Lender is granted an allowed superpriority administrative expense claim pursuant to Bankruptcy Code section 364(c)(1), having priority in right of payment over any and all other obligations, liabilities, and indebtedness of the Debtors, whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, *inter alia*, sections 105, 326, 328, 330, 331, 364(c)(1), 503(b), 507(a), 507(b), 546(c), 1113, or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all prepetition and post-petition property of the Debtors and all proceeds thereof (including, subject to entry of the Final Order, proceeds of Avoidance Actions (as defined below)) (collectively, the “DIP Superpriority Claims”).

12. Prepetition Lender’s Entitlement to Adequate Protection. Pursuant to Bankruptcy Code sections 361, 362, 363(c)(2), and 363(e), the Prepetition Lender is entitled to adequate protection of its interests in the Prepetition Collateral, in an amount equal to the aggregate Diminution in the Value of, the Prepetition Lender’s interests in the Prepetition Collateral (including cash collateral) from and after the Petition Date, if any, for any reason provided for under the Bankruptcy Code, including, without limitation, any diminution resulting from the sale, lease, or use by the Debtors of the Prepetition Collateral, or the imposition of the automatic stay pursuant to Bankruptcy Code section 362 (collectively, the “Prepetition Lender’s Diminution in Value”).

13. Adequate Protection Claims and Liens. The Prepetition Lender is hereby granted the following (the “Adequate Protection Claims”), to the extent of Prepetition Lender’s Diminution in Value; *provided* that the collateral set forth in this paragraph 13 shall not include assets or

property (other than assets or property that constitute Prepetition Collateral) upon which, and solely to the extent that, the grant of an Adequate Protection Lien as contemplated in this Interim Order is not allowed by applicable non-bankruptcy law, but shall include the proceeds thereof:

- a. Adequate Protection Superpriority Claims and Liens. Pursuant to Bankruptcy Code sections 361(2) and 363(c)(2), valid, binding, continuing, enforceable, fully-perfected non-voidable liens on, and security interests in, all tangible and intangible assets, including without limitation, all prepetition and post-petition property of the Debtors' estates, and all products and proceeds thereof, whether now existing or hereafter acquired, that constitute DIP Collateral, including, without limitation, proceeds of the claims and causes of action of the Debtors (but not on the actual claims and causes of action) arising under Bankruptcy Code sections 544, 545, 547, 548, 549, and 550 and any other avoidance or similar actions under the Bankruptcy Code or similar state law (collectively, "Avoidance Actions" and, such liens, the "Adequate Protection Liens"); *provided that*, the Adequate Protection Liens shall be subject to and solely subordinate to the Carve Out and any valid, perfected, and non-avoidable Permitted Lien (as defined in the Amended CVR Agreement). As further adequate protection, and to the extent provided by Bankruptcy Code sections 503(b) and 507(b), the Debtors are authorized to grant, and hereby are deemed to have granted effective as of the Petition Date, to the Prepetition Lender (A) allowed superpriority administrative expense claims in each of the Chapter 11 Cases ahead of and senior to any and all other administrative expense claims in

the Chapter 11 Cases solely to the extent of the Prepetition Lender's Diminution in Value (the "Adequate Protection Superpriority Claims"), junior only to the Carve Out, and any valid, perfected, and non-avoidable Permitted Lien and the DIP Liens, (B) replacement liens on all Prepetition Collateral, junior only to the liens of the DIP Lender, but subject to any prior Permitted Liens, and (C) commencing on the Petition Date, postpetition interest shall accrue on the Prepetition Loan Obligations (as defined in the DIP Term Sheet) on a monthly basis (collectively, the "Adequate Protection"); *provided that*, following entry of the Final Order, the Adequate Protection Superpriority Claims may be collected out of any proceeds of the Avoidance Actions. Subject to the Carve Out and any valid, perfected, and non-avoidable permitted lien as defined in the Amended CVR Agreement (the "Permitted Lien"), the Adequate Protection Superpriority Claims shall not be junior or *pari passu* to any claims and shall have priority over all administrative expense claims and other claims against each of the Debtors, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expense claims of the kinds specified in or ordered pursuant to Bankruptcy Code sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 546(c), 726, 1113, and 1114.

14. Reporting. The Debtors shall timely provide the DIP Lender with all financial reporting pursuant to the DIP Term Sheet.
15. Carve Out. The DIP Liens, the Adequate Protection, Adequate Protection Liens,

and the Adequate Protection Superpriority Claims, shall be subject to the payment, without duplication, of the following fees and expenses from any proceeds resulting from liquidation of assets of the Debtors' estates (the amounts set forth in the clauses (i)-(iv) defined herein as the "Carve Out"): (i) all unpaid fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to \$50,000 incurred by a trustee under sections 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, but subject to final allowance by the Court, all unpaid fees and expenses (the "Allowed Professional Fees") incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "Debtor Professionals") and any Creditors' Committee (the "Committee Professionals" and, together with the Debtor Professionals, the "Estate Professionals") at any time the delivery by any DIP Secured Party of a Carve Out Trigger Notice (defined below) (the amounts set forth in this clause (c) being the "Pre Carve Out Trigger Notice Cap"); (iv) Allowed Professional Fees of Estate Professionals in an aggregate amount not to exceed \$150,000 less the amount of any retainer held by such Estate Professional and not previously returned or applied to fees and expenses, incurred on or after the first business day following delivery by any DIP Secured Party of the Carve Out Trigger Notice to the extent allowed at any time, whether by interim order, procedural order, or otherwise, but subject to final allowance by the Court, (the amount set forth in this clause (d) being the "Post Carve Out Trigger Notice Cap" and the Pre Carve-Out Trigger Notice Cap together with the Post Carve-Out Trigger Notice Cap and the amounts set forth in clauses (a) and (b), the "Carve-Out Cap") (the foregoing clauses

(a) through (d), collectively, the “Carve Out”). “Carve Out Trigger Notice” means a written notice stating that the Post Carve Out Trigger Notice Cap has been invoked, delivered by hard copy or email by any DIP Secured Party or their counsel to lead bankruptcy counsel for the Debtors, the U.S. Trustee, the DIP Secured Parties, and counsel to the Creditors’ Committee, if any, which notice may be delivered following the occurrence and during the continued existence of an Event of Default.

16. Any payment or reimbursement made on or after the day on which a Carve Out Trigger Notice is delivered by the DIP Lender (the “Termination Date”) in respect of any Allowed Professional Fees shall permanently reduce the Carve Out on a dollar-for-dollar basis. Any funding of the Carve Out shall be added to, and made a part of, the DIP Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under this Interim Order, the Final Order, the DIP Term Sheet, the Bankruptcy Code, and applicable law.

17. Carve Out Reserve. On the Termination Date, the Carve Out Trigger Notice shall (i) be deemed a draw request and notice of borrowing by the Debtors for the DIP Facility Loan under the DIP Credit Agreement, in an amount equal to the then unpaid amounts of the Allowed Professional Fees (any such amounts actually advanced shall constitute DIP Facility Loans) and (ii) also constitute a demand to the Debtors to utilize all cash on hand, as of such date and any available cash thereafter held by any Debtor, to fund a reserve in an amount equal to the then unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account in trust to pay such then-unpaid Allowed Professional Fees (the “Pre-Carve Out Reserve”), prior to any and all other claims. On the Termination Date, the Carve Out Trigger Notice shall also (i) be deemed a request by the Debtors for DIP Facility Loans under the DIP Credit Agreement, in an amount equal to the Post-Carve Out Trigger Notice Cap (any

such amounts actually advanced shall constitute DIP Facility Loans) and (ii) constitute a demand to the Debtors to utilize all cash on hand, as of such date and any available cash thereafter held by any Debtor, after funding the Pre-Carve Out Reserve, to fund a reserve in an amount equal to the Post-Carve Out Trigger Notice Cap. The Debtors shall deposit and hold such amounts in a segregated account in trust to pay such Allowed Professional Fees benefiting from the Post-Carve Out Trigger Notice Cap (the “Post-Carve Out Reserve” and, together with the Pre-Carve Out Reserve, the “Carve Out Reserves”) prior to any and all other claims. On the first business day after the Carve Out Trigger Notice, notwithstanding anything in the DIP Term Sheet to the contrary, including with respect to the existence of an Event of Default (as defined in the DIP Credit Agreement), the failure of the Debtors to satisfy any or all of the conditions precedent for the DIP Facility Loan under the DIP Facility, any termination of the DIP Obligations following an Event of Default, or the occurrence of the Maturity Date (as defined in the DIP Credit Agreement), the DIP Lender shall make available such DIP Loans under the DIP Credit Agreement. All funds in the Pre-Carve Out Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve Out set forth above (the “Pre-Carve Out Amounts”), but not, for the avoidance of doubt, the Post-Carve Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre-Carve Out Reserve has not been reduced to zero, to pay the DIP Lender, unless the DIP Obligations have been indefeasibly paid in full, in cash, and all DIP Obligations have been terminated, in which case any such excess shall be paid to the Prepetition Lender in accordance with its rights and priorities as of the Petition Date. All funds in the Post-Carve Out Reserve shall be used first to pay the Post-Carve Out Trigger Notice Cap amounts, and then, to the extent the Post-Carve Out Reserve has not be reduced to zero, to pay the DIP Lender, unless the DIP Obligations have been indefeasibly paid in full, in cash, and all DIP Obligations have been

terminated, in which case any such excess shall be paid to the Prepetition Lender in accordance with its rights and priorities as of the Petition Date.

18. Notwithstanding anything to the contrary in the DIP Term Sheet, this Interim Order, or the Final Order, if either of the Carve Out Reserves is not funded in full in the amounts set forth in this paragraph, then, any excess funds in one of the Carve Out Reserves following the payment of the Pre-Carve Out Amounts and Post-Carve Out Amounts, respectively, shall be used to fund the other Carve Out Reserve, up to the applicable amount set forth in this paragraph, prior to making any payments to the DIP Lender or the Prepetition Lender. Notwithstanding anything to the contrary in the DIP Term Sheet, this Interim Order, or the Final Order, following the Carve Out Trigger Notice, the DIP Lender shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve Out Reserves, with any excess paid to the DIP Lender for application in accordance with the DIP Term Sheet. Further, notwithstanding anything to the contrary in this Interim Order, (i) disbursements by the Debtors from the Carve Out Reserves shall not constitute DIP Loans (as defined in the DIP Term Sheet) or increase or reduce the DIP Obligations, (ii) the failure of the Carve Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve Out, and (iii) in no way shall the DIP Budget, Carve Out, Carve Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. Notwithstanding anything to the contrary in this Interim Order, the Final Order, the DIP Facility, or with respect to any Prepetition Obligations, the Carve Out shall be senior to all other liens and claims securing the DIP Facility, the Adequate Protection, the Adequate Protection Liens, and the Adequate Protection Superpriority Claims and any and all other forms

of adequate protection, liens, or claims securing the DIP Obligations or the Prepetition Obligations. Notwithstanding anything to the contrary contained herein, in no event shall the DIP Lender be obligated to fund DIP Facility Loans pursuant to this Order in excess of the remaining available commitments to be borrowed under the DIP Credit Agreement.

19. The DIP Lender reserves its rights to object to the allowance of any fees and expenses, including without limitation any fees and expenses of any Estate Professional. The payment of any fees or expenses of any Estate Professional pursuant to the Carve Out shall not, and shall not be deemed to, (a) reduce any Debtor's obligations owed to any of the DIP Lender, or (b) modify, alter or otherwise affect any of the liens and security interests of such parties in the DIP Collateral or Prepetition Collateral (or their respective claims against any Debtor).

20. Nothing in this Interim Order or otherwise shall be construed to obligate the DIP Lender in any way, to pay compensation to, or to reimburse expenses of, any professionals or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement.

21. Default; Waivers; Rights and Remedies; Relief from Stay.

- a. Events of Default. The occurrence of (i) any "Event of Default" as that term is defined in the DIP Term Sheet; (ii) any failure to meet or satisfy any Milestones (as defined in the DIP Term Sheet) in accordance with the DIP Term Sheet; (iii) the Maturity Date (as defined in the DIP Term Sheet); or (iv) any material violation, breach, or default by any Debtor with respect to any of its obligations under this Interim Order, shall constitute an "Event of Default" hereunder unless waived in writing by the DIP Lender (in its sole and absolute discretion) and in accordance with the DIP Term Sheet.
- b. Debtors' Waivers. Prior to the payment in full of all DIP Obligations, any

of the following actions by the Debtors shall also constitute an Event of Default: (i) the filing of a motion to obtain post-petition loans or other financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code that does not provide for the repayment in full of the DIP Obligations, other than as provided in this Interim Order or as may be otherwise permitted pursuant to the DIP Term Sheet or by agreement; (ii) any request to challenge the application of any payments authorized by this Interim Order pursuant to section 506(b) of the Bankruptcy Code; (iii) except by agreement, the filing of a motion seeking approval of any sale or restructuring transaction other than the restructuring transactions contemplated by the Restructuring Term Sheet, dated April 20, 2025, by and between the Debtors and K2 HealthVentures LLC; (iv) to propose or support any challenge by any party in interest to seek to limit or prevent the DIP Lender from exercising its credit bid rights in connection with the sale of any assets of the Debtors; or (v) to seek relief under the Bankruptcy Code, including, without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would restrict or impair (A) the rights and remedies of the DIP Lender against the Debtors as provided in this Interim Order or the DIP Term Sheet or (B) the exercise of such rights or remedies by the DIP Lender against the Debtors in accordance with the DIP Term Sheet or this Interim Order.

- c. It shall also be an Event of Default under the DIP Facility if, prior to the payment in full of the DIP Obligations, the Debtors propose or support any

sale of all or substantially all of the Debtors' assets, or an order is entered approving such sale, that is not conditioned upon the payment of the DIP Obligations (other than indemnities then due and payable) in full in cash and the payment of the Debtors' obligations with respect to the Adequate Protection hereunder, in full in cash, within a commercially reasonable period of time, and in any event no later than the effective date of such sale, without the written consent of the DIP Lender.

- d. Rights and Remedies Upon an Event of Default. During the period covered by this Interim Order, after three (3) business days following the delivery of a written notice (a "Default Notice") (which may be by email) to counsel to the Debtors, counsel to the Creditors' Committee, if any, and the U.S. Trustee by the DIP Lender of the occurrence of and during the continuance of an Event of Default (the "DIP Remedies Notice Period"), (a) the DIP Lender shall be entitled to take any act or exercise any right or remedy as provided in this Interim Order or the DIP Term Sheet, including, without limitation, (i) terminate the commitment of the DIP Lender to make DIP Loans and its consent to use of proceeds of DIP Facility and Cash Collateral; (ii) declare that the unpaid amount of the DIP Obligations, all interest accrued and unpaid thereon, and all other amounts owing or payable under the DIP Term Sheet and the DIP Orders to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Debtors; (iii) foreclose upon the DIP Collateral; or (iv) take any other action or exercise any other right or

remedy as permitted by the DIP Term Sheet, the DIP Orders, or applicable law; (b) except as stated in this paragraph below, the Debtors' right to use Cash Collateral immediately ceases; and (c) upon notice and hearing, which hearing can be on an emergency basis, the DIP Lender can request a Court order permitting immediate relief from the automatic stay with respect to the DIP Collateral and Prepetition Collateral, and shall be entitled to exercise all rights and remedies available under the DIP Term Sheet, Prepetition Loan Obligations and this Interim Order (as applicable) and applicable non-bankruptcy law, and, upon further Court order, the Debtors shall surrender the DIP Collateral and Prepetition Collateral and otherwise cooperate with the DIP Lender in the exercise of their rights and remedies. Upon the delivery of a Default Notice, the Debtors and the Creditors' Committee, if any, will consent to a hearing on an expedited basis to consider whether, (a) an Event of Default has occurred, and (b) any other appropriate relief (including, without limitation, the Debtors' non-consensual use of cash collateral). The Creditors' Committee, if any, shall have the right to appear and be heard at any such hearing. During the DIP Remedies Notice Period, the Debtors shall be entitled to continue to use the Cash Collateral, solely to make payroll and pay expenses necessary to the survival of the Debtors' business, in accordance with the terms of the DIP Term Sheet, the DIP Budget and this Interim Order. Notwithstanding anything to the contrary herein, upon an Event of Default, the delivery of a Default Notice, the expiration of the DIP Remedies Notice Period, or the

occurrence of the Termination Date, all of the rights, remedies, benefits, and protections provided to the DIP Lender under this Interim Order shall survive. Except as otherwise provided herein or ordered by the Court, neither Bankruptcy Code section 105 nor any other provision of the Bankruptcy Code or applicable law shall be utilized to prohibit the exercise, enjoyment and enforcement of any rights, benefits, privileges and remedies set forth in this paragraph.

- e. At all times during the Chapter 11 Cases, and whether or not an Event of Default has occurred, the Debtors irrevocably waive any right that they may have to seek further authority, (a) to use cash collateral of the DIP Lender under section 363 of the Bankruptcy Code, other than as provided in this Interim Order or as may be otherwise expressly permitted pursuant to the DIP Term Sheet or other agreement with or consent of the DIP Lender, as applicable; (b) to obtain any post-petition loan or other financial accommodation pursuant to section 364(c) or 364(d) of the Bankruptcy Code that does not provide for the indefeasible repayment in full of all the DIP Obligations in cash at the time any such post-petition loan or financial accommodation is provided, extended or otherwise made available to Debtors; (c) to challenge, contest or otherwise seek to impair or object to the validity, extent, enforceability or priority of the DIP Lender's post-petition liens and claims; (d) to challenge the application of any payments authorized by this Interim Order as pursuant to section 506(b) of the Bankruptcy Code, or to assert that the value of the Prepetition Collateral is

less than the Prepetition Loan Obligations; (e) to propose, support or have a plan of reorganization or liquidation that does not provide for the indefeasible payment in cash in full and satisfaction of all the DIP Obligations (other than unmatured indemnity obligations for which claims (i) have not been asserted and (ii) are not reasonably expected to be asserted at any time in the future) on the effective date of such plan in accordance with the terms and conditions set forth in the DIP Term Sheet; (f) to surcharge the DIP Collateral or the Prepetition Collateral pursuant to 506(c) of the Bankruptcy Code; or (g) to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of the DIP Lender as provided in this Interim Order and the DIP Term Sheet or the DIP Lender's exercise of such rights or remedies; *provided* that the DIP Lender may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lender; *provided further* that nothing herein shall prohibit the Debtors from obtaining post-petition loans or other financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code if the proceeds of such financing are used to indefeasibly pay all DIP Obligations which are to be satisfied in full in accordance with the terms of the DIP Term Sheet.

22. Until all DIP Obligations shall have been indefeasibly paid and satisfied in full in accordance with the terms of the DIP Term Sheet, upon and after the declaration of the occurrence

of an Event of Default, and subject to the expiration of the DIP Remedies Notice Period, in connection with a liquidation of any of the DIP Collateral or the DIP Lender's exercise of remedies in respect of the DIP Collateral, the DIP Lender (or any of its employees, agents, consultants, contractors or other professionals) shall have the right, at the sole cost and expense of the Debtors, to (i) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by Debtors and (ii) use any and all trademarks, trade names, copyrights, licenses, patents or any other similar assets of Debtors, which are owned by or subject to a lien of any third party and which are used by Debtors in their businesses. The DIP Lender will be responsible for the payment of any applicable fees, rentals, royalties or other amounts due such lessor, licensor, or owner of such property for the period of time that the DIP Lender actually uses the equipment or the intellectual property (but in no event for any accrued and unpaid fees, rentals or other amounts due for any period prior to the date that the DIP Lender actually occupies or uses such assets or properties or for any fees, rentals or other amounts that may become due following the end of the DIP Lender's occupation or use).

23. Binding Effect. The terms of this Interim Order shall be valid and binding upon the Debtors, all creditors of the Debtors, and all other parties in interest from and after the entry of this Interim Order by this Court.

24. Reversal, Stay, Modification, or Vacatur. In the event the provisions of this Interim Order are reversed, stayed, modified, or vacated by court order following notice and any further hearing, such reversals, modifications, stays, or vacatur shall not affect the rights and priorities of the DIP Lender or Prepetition Lender granted pursuant to this Interim Order. Notwithstanding any such reversal, stay, modification, or vacatur by court order, any indebtedness, obligation, or liability incurred by the Debtors pursuant to this Interim Order arising prior to the DIP Lender's

receipt of notice of the effective date of such reversal, stay, modification, or vacatur shall be governed in all respects by the original provisions of this Interim Order, and the DIP Lender and Prepetition Lender shall continue to be entitled to all of the rights (including, without limitation, relating to the termination of this Interim Order), remedies, privileges, and benefits, including any payments authorized herein and the security interests and liens granted herein, with respect to all such indebtedness, obligation, or liability, and the validity of any payments made or obligations owed or credit extended or lien or security interest granted pursuant to this Interim Order is and shall remain subject to the protection afforded under the Bankruptcy Code.

25. Reservation of Certain Third-Party Rights and Bar of Challenge and Claims.

- a. Subject to the Challenge Period (defined below), the stipulations, admissions, agreements, waivers, and releases contained in this Interim Order, including without limitation the Debtors' Stipulations, shall be binding upon the Debtors and the Debtors are deemed to have irrevocably waived and relinquished all Challenges (defined below) as of the Petition Date. The stipulations, admissions, agreements, waivers, and releases contained in this Interim Order, including without limitation the Debtors' Stipulations, shall be binding upon the Debtors' estates and any of their respective successors, including without limitation, any chapter 7 or chapter 11 trustee, responsible person, examiner with expanded powers, or other estate representative and all other parties-in-interest and all of their successors-in-interest and assigns and all other parties-in-interest and all of their successors-in-interest and assigns, including any Creditors' Committee and any other person acting on behalf of the Debtors' estates,

unless and solely to the extent that a party-in-interest with requisite standing (subject in all respects to any agreement or applicable law which may limit or affect such entity's right or ability to do so) granted by order of the Court (or other court of competent jurisdiction), (i) has timely and properly filed an adversary proceeding or contested matter under the Bankruptcy Rules seeking to avoid, object to, or otherwise challenge the findings or Debtors' Stipulations regarding the validity, enforceability, extent, priority, or perfection of the mortgages, security interests, and liens of the Prepetition Lender (any such claim, a "Challenge") before the earlier of (A) as to the Creditors' Committee only, sixty (60) calendar days after the appointment of the Creditors' Committee, and (B) as for all other parties in interest, thirty (30) calendar days after entry of the Interim Order (in each case, a "Challenge Period" and, the date of expiration of each Challenge Period, a "Challenge Period Termination Date"); *provided, however*, that if, prior to the end of the Challenge Period, (x) the cases convert to chapter 7 or (y) a chapter 11 trustee is appointed, then, in each such case, the Challenge Period shall be extended by the later of (I) sixty (60) calendar days after entry of the Interim Order or (II) the date that is thirty (30) calendar days after its appointment.

- b. Upon the expiration of the Challenge Period Termination Date without the filing of a Challenge (or if any such Challenge is filed and overruled): (i) any and all such Challenges by any party (including, without limitation, the Committee, any chapter 11 trustee, and/or any examiner or other estate

representative appointed or elected in these Cases, and any chapter 7 trustee and/or examiner or other estate representative appointed or elected in any Successor Cases) shall be deemed to be forever barred; (ii) the Prepetition Loan Obligations shall constitute allowed claims, not subject to counterclaim, setoff, recoupment, reduction, subordination, recharacterization, defense, or avoidance for all purposes in the Chapter 11 Cases and any Successor Cases; (iii) the Prepetition Liens shall be deemed to have been, as of the Petition Date, legal, valid, binding, and perfected secured claims, not subject to recharacterization, subordination, or avoidance; and (iv) all of the Debtors' stipulations and admissions contained in this Interim Order, including without limitation the Debtors' Stipulations, and all other waivers, releases, affirmations, and other stipulations as to the priority, extent, and validity as to the Prepetition Lender's claims, liens, and interests contained in this Interim Order shall be in full force and effect and forever binding upon the Debtors, the Debtors' estates, and all creditors, interest holders, and other parties in interest in these Chapter 11 Cases and any Successor Cases.

- c. If any Challenge is timely and properly filed under the Bankruptcy Rules, the stipulations and admissions contained in this Interim Order, including without limitation the Debtors' Stipulations, shall nonetheless remain binding and preclusive on any Creditors' Committee and any other person or entity except to the extent that such stipulations and admissions were expressly challenged in such timely and properly filed Challenge prior to

the Challenge Period Termination Date. Nothing in this Interim Order vests or confers on any person (as defined in the Bankruptcy Code), including, without limitation, any Creditors' Committee appointed in the Cases, standing or authority to pursue any cause of action belonging to the Debtors or their estates, and a separate order of the Court conferring such standing on any Creditors' Committee or other party-in-interest shall be a prerequisite for the prosecution of a Challenge by such Creditors' Committee or such other party-in-interest.

26. Limitation on Use of DIP Proceeds and Cash Collateral. Notwithstanding anything to the contrary set forth in this Interim Order, none of the DIP Collateral, the Prepetition Loan Obligations including Cash Collateral, or the Carve Out or proceeds of any of the foregoing may be used: (a) to investigate (including by way of examinations or discovery proceedings), initiate, assert, prosecute, join, commence, support, or finance the initiation or prosecution of any claim, counterclaim, action, suit, arbitration, proceeding, application, motion, objection, defense, adversary proceeding, or other litigation of any type (i) against the DIP Lender (in its capacity as such), and each of its affiliates, officers, directors, limited partners, investors, employees, agents, representatives, attorneys, consultants, financial advisors, affiliates, assigns, or successors, with respect to any transaction, occurrence, omission, action, or other matter (including formal discovery proceedings in anticipation thereof), including, without limitation, any so-called "lender liability" claims and causes of action, or seeking relief that would impair the rights and remedies of the DIP Lender under the DIP Term Sheet or Prepetition Loan Obligations, as applicable, or this Interim Order, including, without limitation, for the payment of any services rendered by the professionals retained by the Debtors or any Creditors' Committee appointed (if any) in these

Chapter 11 Cases in connection with the assertion of or joinder in any claim, counterclaim, action, suit, arbitration, proceeding, application, motion, objection, defense, adversary proceeding, or other contested matter, the purpose of which is to seek, or the result of which would be to obtain, any order, judgment, determination, declaration, or similar relief that would impair the ability of any of the DIP Lender to recover on its collateral, or seeking affirmative relief against any of the DIP Lender related to the DIP Facility; (ii) invalidating, setting aside, avoiding, or subordinating, in whole or in part, the liens or claims of the DIP Lender; or (iii) for monetary, injunctive, or other affirmative relief against the DIP Lender; (b) for objecting to or challenging in any way the legality, validity, priority, perfection, or enforceability of the claims, liens, or interests held by or on behalf of the DIP Lender; (c) for asserting, commencing, or prosecuting any claims or causes of action whatsoever, including, without limitation, any Avoidance Actions related to or in connection with the DIP Facility; or (d) for prosecuting an objection to, contesting in any manner, or raising any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the DIP Liens or any other rights or interests of any of the DIP Lender; *provided* that no more than \$25,000 of the cash collateral may be used solely by any Creditors' Committee appointed in these Chapter 11 Cases, if any, solely to investigate, within the Challenge Period, the claims, causes of action, adversary proceedings, or other litigation against the DIP Lender solely concerning the legality, validity, priority, perfection, enforceability, or extent of the claims, liens, or interests held by or on behalf of the DIP Lender.

27. Enforceability; Waiver of Any Applicable Stay. This Interim Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable as of the Petition Date immediately upon entry hereof. Notwithstanding Bankruptcy Rule 6004(h), 6006(d), 7062, or 9014 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure,

this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order.

28. Proofs of Claim. Notwithstanding anything to the contrary contained in any prior or subsequent order of the Court, including, without limitation, any order establishing a deadline for the filing of proofs of claim or requests for payment of administrative expenses under Bankruptcy Code section 503(b), the DIP Lender shall not be required to file any proofs of claim or request for payment of administrative expenses with respect to any of the DIP Obligations, or Prepetition Loan Obligations; and the failure to file any such proof of claim or request for payment of administrative expenses shall not affect the validity, priority, or enforceability of the DIP Term Sheet, or of any other indebtedness, liabilities, or obligations arising at any time thereunder or under this Interim Order or prejudice or otherwise adversely affect the DIP Lender's rights, remedies, powers, or privileges under the DIP Term Sheet, or applicable law. The provisions set forth in this paragraph are intended solely for the purpose of administrative convenience and shall not affect the substantive rights of any party-in-interest or their respective successors-in-interest.

29. Section 506(c) Waiver. Subject to entry of the Final Order, no costs or expenses of administration which have been or may be incurred in these Chapter 11 Cases or any future or successor cases therefrom at any time shall be charged against or recovered from any of the DIP Lender, or the DIP Collateral (including Cash Collateral) or the Prepetition Collateral pursuant to sections 105 or 506(c) of the Bankruptcy Code or any similar principles of law without the prior express written consent of the without the prior written consent of the DIP Lender or Prepetition Lender, and no such consent shall be implied, directly or indirectly, from any other action, inaction, or acquiescence by the DIP Secured Parties or Prepetition Secured Parties (including, without limitation, consent to the Carve Out or the approval of any budget hereunder), and nothing in the

DIP Term Sheet or this Interim Order shall be deemed to be a consent by any DIP Secured Party or Prepetition Secured Party to any charge, lien, assessment, or claims against the DIP Collateral (including Cash Collateral) under section 506(c) of the Bankruptcy Code or otherwise. In no event shall the “equities of the case” exception in section 552(b) of the Bankruptcy Code apply to the secured parties under the Prepetition Loan Obligations with respect to proceeds, products, offspring, or profits of any Prepetition Collateral.

30. Section 552(b) of the Bankruptcy Code. Subject to entry of the Final Order, the (i) DIP Lender shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and (ii) the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to secured parties under the Prepetition Loan Obligations with respect to proceeds, products, offspring, or profits of any Prepetition Collateral.

31. No Marshaling. Subject to entry of the Final Order, the DIP Lender and the lender under the Prepetition Loan Obligations shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds shall be received and applied in accordance with the DIP Term Sheet and the documents relating to the Prepetition Loan Obligations, as applicable.

32. Notwithstanding anything to the contrary in any other order of this Court, the financial institutions where the Debtors’ bank accounts are located, (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers should be honored or dishonored, consistent with any order of this Court and governing law; and (b) have no duty to independently inquire as to whether such payments are authorized by an order of this Court.

33. The financial institution where the Debtors' bank accounts are located shall implement reasonable handling procedures in coordination with the Debtors designed to effectuate the terms of this Interim Order. No financial institution that implements such handling procedures and then honors a prepetition check or other item drawn on any bank account that is the subject of this Interim Order either, (a) in good faith belief that the Court has authorized such prepetition check or item to be honored; or (b) as a result of an innocent mistake made despite implementation of such handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Interim Order.

34. The provisions of this Interim Order and any actions taken pursuant hereto shall survive the entry of any order confirming a plan, converting the Chapter 11 Cases, or dismissing the Chapter 11 Cases or any successor case, and the terms and provisions of this Interim Order shall continue in full force notwithstanding any such order. In the event of a conflict between this Interim Order and any order confirming a chapter 11 plan, the order confirming the chapter 11 plan shall control.

35. Subject to any Challenge rights set forth herein, the Debtor and the DIP Lender, each on behalf of itself and its successors and assigns (collectively, the "Releasors"), hereby forever releases, discharges and acquits the other, and its current and former directors, managers, officers, committee members, members of any governing body, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns, subsidiaries, affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current

or former director or manager in his or her capacity as director or manager of an entity), accountants, investment bankers, consultants, representatives, and other professionals and advisors and any such person's or entity's respective heirs, executors, estates, and nominees other representatives in their respective capacities as such (collectively, the "Prepetition Releasees") of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have, or hereafter can or may have against Prepetition Releasees, or any of them, as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the DIP Lender, the Prepetition Loan Obligations, any documentation of the Prepetition Loan Obligations and any other obligations or other financial accommodations made by any Prepetition Releasee to any Debtor or DIP Lender; *provided that* the releases set forth in this section shall not release any claims against the Prepetition Releasees or liabilities that a court of competent jurisdiction determines results from the bad faith, fraud, gross negligence or willful misconduct of such Prepetition Releasees. In addition, notwithstanding anything to the contrary set forth herein, upon the repayment of all DIP Obligations owed to the DIP Lender by the Debtors and termination of the rights and obligations arising under the DIP Term Sheet (which payment and termination shall be on terms and conditions acceptable to the DIP Lender), the Releasors shall be released from any and all obligations, liabilities, actions, duties, responsibilities and causes of action arising or occurring, on or prior to the date of such repayment and termination, in connection with or related to the Debtors, the DIP Lender, DIP Term Sheet, this Interim Order or the Final Order (including without limitation any obligation or responsibility whether direct or indirect, absolute or

contingent, due or not due, primary or secondary, liquidated or unliquidated to pay or otherwise fund the Carve Out).

36. Retention of Jurisdiction. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

37. Final Hearing. A final hearing on the relief requested in the Motion shall be held on [•], 2025 at [•]:00[•].m. (prevailing Eastern Time). Any party in interest objecting to the relief sought at the Final Hearing shall file written objections no later than [•], 2025 at [•]:00[•].m. (prevailing Eastern Time). If no objections to entry of a final order on the Motion are timely received, the Court may enter such final order without need for the final hearing.

Exhibit 1

DIP Term Sheet



HealthVentures

DIP FINANCING PROPOSAL

for:



April 20, 2025

ATTN:
Craig Jalbert, President, Chief Executive Officer

Molecular Templates, Inc.
9301 Amberglen Boulevard Suite 100
Austin, TX 78729

Dear Craig,

Based on our discussions, we are pleased to present the following binding DIP Financing Term Sheet. Below is a summary of the terms for the financing ("**Term Sheet**").

THIS TERM SHEET SETS FORTH THE TERMS AND CONDITIONS UPON WHICH DIP LENDER SHALL, SUBJECT TO ENTRY OF THE FINANCING ORDERS (DEFINED BELOW), PROVIDE THE DIP LOANS (DEFINED BELOW) UNDER THE DIP FACILITY (DEFINED BELOW) TO THE DEBTOR (DEFINED BELOW).

THIS TERM SHEET SHALL BE A BINDING AGREEMENT WITH RESPECT TO THE DIP LOANS AND THE DIP FACILITY SUBJECT TO THE DIP ORDERS AND, TOGETHER WITH THE DIP ORDERS AND ANY OTHER RELATED AGREEMENTS, SCHEDULES, EXHIBITS, SECURITY AGREEMENTS, PLEDGE AGREEMENTS OR OTHER DOCUMENTS ENTERED INTO IN CONNECTION HERewith AND THEREWITH, SETS FORTH ALL OF THE TERMS, CONDITIONS, REPRESENTATIONS AND OTHER PROVISIONS WITH RESPECT TO THE DIP FACILITY.

DIP Financing between K2 HealthVentures LLC and Molecular Templates, Inc. and Molecular Templates Opco, Inc.

- Borrower:** Molecular Templates, Inc. ("**MTEM**") and Molecular Templates Opco, Inc. as debtors and debtors in possession (collectively, the "**DIP Borrowers**") under Chapter 11 of the United States Bankruptcy Code (the "**Bankruptcy Code**") in the jointly administered cases of the DIP Borrowers (collectively, the "**Cases**" of the "**Debtors**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), commenced on the date the Debtors file their Chapter 11 petitions (the "**Petition Date**").
- DIP Lender:** K2 HealthVentures LLC and/or one of its subsidiaries, along with its successors and assigns ("**DIP Lender**").
- DIP Agents:** K2 HealthVentures LLC or one of its subsidiaries, in its capacity as administrative agent ("**Administrative Agent**") for the DIP Lender and Ankura Trust Company, LLC, as collateral trustee for the DIP Secured Parties ("**Collateral Trustee**" and together with the Administrative Agent, the "**DIP Agents**").¹
- DIP Financing:** The DIP Lender will provide to the DIP Borrowers a senior secured superpriority debtor-in-possession term loan credit facility (the "**DIP Facility**") consisting of (x) new money loan commitments in the aggregate maximum principal amount of up to \$3,000,000 (the "**New Money DIP Loan Commitments**" and the loans made thereunder, the "**New Money DIP Loans**"), plus (y) loans representing a "roll up" of a portion of the outstanding Prepetition Loan Obligations² equal to \$9,000,000 (the "**Roll Up Loans**" and together with the New Money DIP Loans, the "**DIP Loans**" and the obligations thereunder, the "**DIP Obligations**"). The New Money DIP Loan Commitment will be made in 3 draws over the term of the DIP Facility, with an initial maximum aggregate amount of up to \$500,000 (the "**Interim Advance**") to be made available to the DIP Borrowers following entry of the interim debtor-in-possession financing order (the "**Interim Order**"), a second draw of \$1,500,000 (the "**Final Order Advance**") to be made available upon and after entry of the final debtor-

¹ "**DIP Secured Parties**" means (i) Collateral Trustee, (ii) Administrative Agent, (iii) DIP Lender, and (iv) any of their respective successors and assigns.

² "**Prepetition Loan Obligations**" means, as of the Petition Date, the indebtedness of the Debtors to the DIP Lender DIP Lender (in such capacity, the "**Prepetition Lender**") and other DIP Secured Parties (in such capacities, together with the Prepetition Lender, the "**Prepetition Secured Parties**") under (i) that certain Loan and Security Agreement, dated February 20, 2025, (the "**Bridge Loan**"); and (ii) that certain Amended and Restated Secured Contingent Value Right Agreement, dated February 20, 2025, (the "**A&R CVR**"), which amount as of the Petition Date is the sum of (i) a principal amount of \$1,366,231.92 under the Bridge Loan, (ii) a principal amount of \$24,300,515.15 under the A&R CVR, and (iii) all other amounts accrued but unpaid in connection with the Prepetition Loan Obligations, including, but not limited to, accrued and unpaid interest, unreimbursed costs, fees, expenses, and indemnities owed thereunder.

in-possession financing order (the **"Final Order,"** and together with the Interim Order, the **"DIP Orders"**), and a third, discretionary draw of up to \$1,000,000 to be made upon satisfaction of the conditions precedent herein (the **"Discretionary Draw"**). Pending the entry of the Final Order, the DIP Secured Parties shall be afforded all of the protections contained in the Interim Order. Pursuant to the terms hereof, the DIP Lender hereby agrees to make the DIP Loans (including the Discretionary Draw to the extent set forth in the DIP Budget) contemplated hereunder.

Interest Rate:

13.5% per annum, which interest shall accrue and be capitalized monthly on the 1st business day of each month and added to the principal amount outstanding on such date. Interest shall accrue in kind and shall be paid in full in cash on the Maturity Date (as defined below) or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.

Immediately upon the occurrence and during the continuation of an Event of Default (as defined below), all obligations outstanding under the DIP Facility shall bear interest at a rate per annum which is five percentage points (5%) above the rate that is otherwise applicable thereto (**"Default Interest"**). Default Interest shall accrue in kind and shall be paid in full in cash on the Maturity Date (as defined below) or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.

Fees:

A facility fee equal to one percent (1%) of the funded New Money DIP Loan, which facility fee shall accrue in kind and be paid in full in cash on the Maturity Date (as defined below) or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.

An exit fee equal to 4.0% of the funded New Money DIP Loan, which shall be paid in full in cash on the Maturity Date (as defined below) or otherwise satisfied all or a portion thereof through a debt-for-equity conversion through a plan.

Maturity Date:

The maturity date of the DIP Facility (the **"Maturity Date"**) shall be the earlier of (i) seventy (70) days following the Petition Date; (ii) the acceleration or termination of the DIP Facility as a result of an Event of Default (as defined below); or (iii) the effective date of a plan filed in the cases and confirmed by the Bankruptcy Court; *provided* that the Maturity Date may be extended upon the written consent of the Administrative Agent in its sole and absolute discretion. Following the Maturity Date, the DIP Lender shall have no continuing obligation to provide the DIP Loans and the DIP Facility shall terminate.

Prepayments:

The DIP Borrowers may voluntarily, at any time, prepay, in whole or in part, without prepayment or penalty, any of the DIP Obligations and/or reduce the commitments under the DIP Facility at par plus accrued interest.

Any prepayment shall be applied as follows, first, to fees, costs and expenses, second to the payment of accrued and unpaid interest, and third to the repayment of principal.

Use of DIP Proceeds and Cash Collateral:

The DIP Facility Loans and Cash Collateral (as defined below) may be used for:

- i. post-petition working capital purposes of the Debtors;
- ii. the administration of the Cases, including the funding of a chapter 11 plan and related matters, including the claims reconciliation process and the wind-down of the Debtors;
- iii. current interest, fees, and expenses under the DIP Facility; or
- iv. as otherwise agreed by the Administrative Agent in the DIP Budget (as defined below);

in each case, solely in accordance with the any approved DIP Budget (as defined below) and the Interim Order or Final Order, as applicable, incorporating the terms hereof.

“Cash Collateral” shall mean all cash and cash equivalents of the Debtors, whenever or wherever acquired, and the proceeds of all collateral pledged to the Collateral Trustee for the benefit of the DIP Secured Parties constitute cash collateral, as contemplated by section 363 of the Bankruptcy Code.

No DIP Loans, DIP Collateral (as defined below), Cash Collateral, or any portion of the Carve Out (as defined below), may be used directly or indirectly, including without limitation through reimbursement of professional fees of any non-Debtor party, in connection with (i) the investigation, threatened initiation, or prosecution of any claims, causes of action, adversary proceedings or other litigation against any of the DIP Secured Parties, or any action purporting to do the foregoing in respect of the DIP Obligations or the Prepetition Loan Obligations; or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset with respect to the DIP Obligations or Prepetition Loan Obligations.

Notwithstanding the foregoing, an aggregate amount of proceeds of the DIP Loans, DIP Collateral (as defined below) and/or Cash Collateral in an amount not to exceed \$25,000 may be used by the Official Committee of Unsecured Creditors, if any (the **“Creditors’ Committee”**) to investigate the validity, perfection, priority, extent, or enforceability of the liens securing the Prepetition Loan Obligations provided any such investigation must take place within the Challenge Period (as defined below).

DIP Budget:

Proceeds of the DIP Facility and any Cash Collateral shall be used solely by the DIP Borrowers in accordance with the agreed budget (**“DIP Budget”**) attached hereto as **Exhibit A**, subject only to the Permitted Variances (as defined below).

Compliance with the DIP Budget will be measured weekly starting on the second week following the Petition Date, for the period beginning as of the first day of the first full week following the week of the Petition Date and ending the last day of the week prior to the week on which compliance is measured, and continuing each week thereafter (the **“Testing Period”**). Each date on which compliance with the DIP Budget is measured is referred to herein as the **“Testing Date.”** As of any applicable Testing Date, the DIP Borrowers shall not allow the Operating Disbursements (as set forth in the DIP Budget) to exceed the DIP Budget on a cumulative basis during the relevant Testing Period by more than 10.0% (adverse to the Debtor) (the **“Permitted Operating Disbursements Variance”**); provided, that, as of any applicable Testing Date, the actual fees and expenses of the DIP Borrowers’ advisors shall not vary from the budgeted DIP Borrowers’ Advisors’ Expenses set forth in the DIP Budget by more than 10.0% (the **“Permitted Professional Fees Variance”** and together with the **“Permitted Operating Disbursements Variance”**, the **“Permitted Variances”**); provided further that for purposes of testing the Permitted Professional Fees Variance, any budgeted DIP Borrowers’ Advisors’ Expenses unused during any Testing Period shall be rolled into the following Testing Period. Notwithstanding anything herein, any variance testing in connection with the DIP Budget shall not apply to the fees and expenses of the DIP Secured Parties’ advisors.

During the Testing Period, the DIP Borrowers shall produce variance reports detailing the following, each on a single, line item basis (each, a **“Variance Report”**): (i) a comparison of the actual and budgeted line item disbursements and receipts of the DIP Borrowers during the applicable Testing Period; and (ii) any variance (whether positive or negative, expressed as a percentage) between the disbursements made during such Testing Period by the DIP Borrowers against the disbursements for the Testing Period as set forth in the

DIP Budget applicable to such Testing Period, with a detailed explanation provided of any variance in excess of 5%.

Additional variances, if any, from the DIP Budget, and any proposed changes to the DIP Budget, shall be subject to the written consent of the Administrative Agent in its sole and absolute discretion. The DIP Borrowers shall be deemed in compliance with the DIP Budget unless, as of any Testing Date, the Operating Disbursements or Professional Fees Disbursements vary from the DIP Budget by more than the applicable Permitted Variance during the Testing Period. The DIP Borrowers' failure to comply with the DIP Budget, subject to the Permitted Variances, will constitute an Event of Default (as defined below).

**Conditions Precedent to
Initial Advance**

Any commitment of the DIP Lender to provide the DIP Facility, to consent to the use of Cash Collateral, or to advance the Initial Advance shall be conditioned upon completion (or waiver) of the following conditions precedent:

- i. the entry by the Bankruptcy Court of the Interim Order approving the DIP Facility and the initial DIP Budget in accordance with the terms and conditions set forth herein; and
- ii. the DIP Borrowers confirmation that there exists no Event of Default (as defined below) at the time of the Initial Advance.

**Conditions Precedent to
Final Order Advance and
Discretionary Draw**

The DIP Lender's commitment to provide any subsequent draws under the DIP Facility or to consent to the continued use of Cash Collateral shall be conditioned upon completion (or waiver) of the following conditions precedent, in each case in a manner satisfactory to the Administrative Agent in its sole and absolute discretion:

1. With respect to the Final Order Advance:
 - (a) the completion of definitive financing documentation with respect to the DIP Loans (the "**DIP Documents**"), which DIP Documents shall be executed and delivered by each of the parties thereto and approved by the Bankruptcy Court upon entry of the Interim Order and which DIP Documents shall include: (a) this Term Sheet, (b) the Interim Order, (c) the DIP Budget, (d) a debtor-in-possession term loan credit agreement, and (e) any and all amendments, exhibits, supplements, or schedules to (a)–(d), each of which shall be in form and substance acceptable to the Administrative Agent in its sole discretion;
 - (b) the provision of written notice to the Administrative Agent of a request for a subsequent draw, which notice shall include the draw amount and be provided at least two (2) business days prior to the draw;
 - (c) the entry by the Bankruptcy Court of the Final Order approving the DIP Facility and the initial DIP Budget in accordance with the terms and conditions set forth herein;
 - (d) the DIP Borrowers confirmation that there exists no Event of Default (as defined below) at the time of the subsequent draw.
2. With respect to the Discretionary Draw:
 - (a) the provision of written notice to the Administrative Agent of a request for a

subsequent draw, which notice shall include the draw amount and be provided at least two (2) business days prior to the draw, which draw shall be no less than \$100,000 and which shall not exceed the Discretionary Draw in the aggregate;

- (b) the DIP Borrowers confirmation that there exists no Event of Default (as defined below) at the time of the subsequent draw.

Notwithstanding anything set forth herein to the contrary, if the conditions precedent to any draw are satisfied or waived, then the DIP Lender shall be obligated to make the DIP Loans contemplated under the DIP Budget and this Term Sheet.

Borrowing Mechanics:

Borrowing mechanics with respect to the DIP Loans shall be as follows:

- (a) Once repaid, DIP Loans may not be reborrowed.
- (b) A borrowing notice shall be sent to the Administrative Agent in accordance with the notice provision set forth in Section 10 of the Bridge Loan: (A) specifying (1) the principal amount of the requested DIP Loan, and (2) the date of the requested DIP Loan (such date the “**Funding Date**”) which shall be no less than three (3) business days (or such earlier date agreed to by the Administrative Agent in its sole discretion) following the date of such request and (B) certifying as to the satisfaction of the applicable conditions precedent to the funding of such DIP Loan set forth above under the heading “**Conditions Precedent**”.
- (c) Each borrowing request shall be made in accordance with the DIP Budget.

The amounts and dates of each DIP Loan shall be set forth on a schedule to this Term Sheet, which shall be updated by the Administrative Agent from time to time on the making of any DIP Loan, which updated schedule shall be provided to the DIP Borrowers.

Security:

Subject to the following sentence, as security for the DIP Obligations, the DIP Borrowers shall grant to the Collateral Trustee for the benefit of the DIP Secured Parties a security interest in and continuing lien on all of the DIP Borrowers’ right, title and interest in, to and under all the DIP Borrowers’ assets, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located (all of which being hereafter collectively referred to as the “**DIP Collateral**”): shall include all assets and property of the DIP Borrowers and their estates, tangible or intangible, now owned or hereafter acquired, whether arising before or after the Petition Date, including, but not limited to, the Prepetition Collateral (as defined below), all equity interests held by the DIP Borrowers (to be limited to the extent of any limitations imposed by applicable law), claims and causes of action (whether asserted or unasserted), including commercial tort claims, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of New York (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)). Subject to the entry of the Final Order, the DIP Collateral shall include all of DIP Borrowers’ right, title and interest in and to actions under sections 544, 545, 547, 548 and 550 of the Bankruptcy Code (the “**Avoidance Actions**”) and any proceeds from any such Avoidance Actions. The DIP Liens (as defined below) on the DIP Collateral shall be subject in all respects to the terms of

the “**Priority and Liens**” section below.

Priority and Liens:

The Interim and Final Order shall contain language providing that the liens granted in connection with the DIP Obligations shall be subject to the priorities and entitled to the superpriority administrative expenses claims described below:

- i. pursuant to section 364(c)(1) of the Bankruptcy Code, a superpriority administrative expense claim status with priority over all administrative expenses of the kind that are specified in Bankruptcy Code §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provisions of the Bankruptcy Code;
- ii. pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable and fully and automatically perfected first priority senior security interest in and lien upon all DIP Collateral that as of the Petition Date is unencumbered and not subject to valid, perfected, and non-avoidable liens; provided that such security interest in and lien on DIP Collateral shall be subject to the Carve Out (as defined below);
- iii. pursuant to section 364(c)(3) of the Bankruptcy Code, a perfected junior lien, subject to the Carve Out, on all DIP Collateral that is subject to valid, perfected, and nonavoidable Permitted Liens (as defined in the A&R CVR) in existence as of the Petition Date or subject to valid and non-avoidable Permitted Lien (as defined in the A&R CVR) in existence at the time of such commencement that are perfected subsequent to such commencement as permitted by section 546(b) of the Bankruptcy Code; and
- iv. pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable and fully and automatically perfected first priority priming security interest in and lien upon all DIP Collateral, which security interest and lien shall be subject to the Carve Out (as defined below) and any valid, perfected, and non-avoidable Permitted Lien (as defined in the A&R CVR) (collectively, the liens described in clauses (i), (ii), (iii), and (iv) of this section, the “**DIP Liens**”).

Adequate Protection:

The Interim Order and the Final Order shall provide, as adequate protection for the use of the collateral securing the Prepetition Loan Obligations and the priming of the liens and security interests granted to the secured parties under the Prepetition Loan Obligations, a customary adequate protection package of replacement liens and superpriority claims for any diminution in value of the Prepetition Secured Parties’ interest in the Collateral (as defined in the A&R CVR) (the “**Prepetition Collateral**”), including:

- i. superpriority administrative expense claim status;
- ii. replacement liens on all Prepetition Collateral, junior only to the liens of the DIP Lender, but subject to any prior Permitted Liens; and
- iii. commencing on the Petition Date, postpetition interest shall accrue in kind on the postpetition loan obligations (the “**Postpetition Loan Obligations**”) on a monthly basis (collectively, the “**Adequate Protection**”).

For the avoidance of doubt, the grant of Adequate Protection shall be of no force and effect in the event that a portion of the Prepetition Loan Obligations equal to \$9,000,000 are indefeasibly satisfied in full by the Roll Up Loans or the Prepetition Liens are invalidated for any reason, including without limitation by a Challenge (as defined below).

To the extent any Roll Up Loan is subsequently invalidated for any reason, the Prepetition Loan Obligations, and any Adequate Protection shall be revived retroactively as of the Petition Date and continue as if any liens on the Prepetition Loan Obligations were still in effect as of the Petition Date and the lender's security interests, rights, powers and remedies under the Bridge Loan and A&R CVR shall continue in full force and effect, subject to a Challenge (as defined below).

Carve Out:

As used herein, "**Carve Out**" means the sum of (a) the payment of unpaid fees required to be paid to the Clerk of the Court and to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a) with interest at the statutory rate pursuant to 31 U.S.C. § 3717; (b) reasonable fees and expenses up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (c) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, but subject to final allowance by the Court, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**"), and any Creditors' Committee (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Estate Professionals**") at any time before the delivery by any DIP Secured Party of a Carve Out Trigger Notice (as defined below) (the amounts set forth in this clause (c) being the "**Pre Carve Out Trigger Notice Cap**"); (d) the Allowed Professional Fees of Estate Professionals in an aggregate amount not to exceed \$150,000, less the amount of any retainer held by such Estate Professional and not previously returned or applied to fees and expenses, incurred on or after the first business day following delivery by any DIP Secured Party of the Carve Out Trigger Notice to the extent allowed at any time, whether by interim order, procedural order, or otherwise, but subject to final allowance by the Court, (the amount set forth in this clause (d) being the "**Post Carve Out Trigger Notice Cap**" and the Pre Carve-Out Trigger Notice Cap together with the Post Carve-Out Trigger Notice Cap and the amounts set forth in clauses (a) and (b), the "**Carve-Out Cap**") (the foregoing clauses (a) through (d), collectively, the "**Carve Out**").

The term "**Carve Out Trigger Notice**" shall mean a written notice stating that the Post Carve Out Trigger Notice Cap has been invoked, delivered by hard copy or email by the Administrative Agent or its counsel to lead bankruptcy counsel for the Debtors, the U.S. Trustee, the DIP Secured Parties, and counsel to the Creditors' Committee, if any, which notice may be delivered following the occurrence and during the continued existence of an Event of Default (as defined below).

Challenge Period:

The Interim Order and Final Order shall each contain customary stipulations, admissions, agreements, and releases relating to the Prepetition Loan Obligations, which stipulations, admissions, agreements, and releases shall be binding on the Debtors in all circumstances and for all purposes upon entry of the Interim Order. The Debtors' stipulations, admissions, agreements, and releases shall additionally be binding upon entry of the Interim Order upon all other parties in interest, including, without limitation, any statutory or non-statutory committees appointed in the Cases and any other person or entity acting or seeking to act on behalf of the Debtors' estates, including any chapter 7 trustee or chapter 11 trustee or examiner appointed or elected for any of the Debtors, in all circumstances and for all purposes unless a party in interest with standing or the requisite authority (other than the Debtors, as to which any right to challenge the stipulations, admissions, and releases discussed herein is irrevocably waived and relinquished upon entry of the Interim Order) has, under the appropriate Federal Rules of Bankruptcy Procedure, timely and properly filed an adversary proceeding or contested matter by no later than the earlier of (x) as to the Creditors' Committee only, sixty (60) calendar days after the appointment of the Creditors' Committee, (y) if the Cases are converted to

chapter 7 and a chapter 7 trustee is appointed or elected prior to the end of the Challenge Period, then the Challenge Period for any such chapter 7 trustee shall be extended (solely as to such chapter 7 trustee) to the date that is the later of (1) sixty (60) calendar days after entry of the Interim Order, or (2) the date that is thirty (30) calendar days after its appointment, and (z) as for all other parties in interest, thirty (30) calendar days after entry of the Interim Order (such filing, a **“Challenge”**); *provided, however*, that nothing contained in the Term Sheet, the DIP Documents or the DIP Orders shall be deemed to confer standing on the Creditors’ Committee or any other party in interest.

Case Milestones:

The Debtors shall be subject to the following deadlines in the Cases (the **“Milestones”**), each of which may be extended only with the prior written consent of the Administrative Agent, which consent may be withheld in the Administrative Agent’s sole discretion:

- i. within one (1) business day following the Petition Date, the Debtors shall file a motion for a combined hearing on disclosure statement approval and plan confirmation (the **“Solicitation Motion”**), along with a combined plan and disclosure statement (the **“Plan”**);
- ii. the Bankruptcy Court shall have entered the Interim Order by the date that is no later than three (3) business days following the Petition Date;
- iii. the Bankruptcy Court shall have entered the Final Order by the date that is no later than thirty (30) days following the Petition Date;
- iv. the Bankruptcy Court shall have entered an order approving the Solicitation Motion by the date that is no later than thirty (30) days following the Petition Date; and
- v. the Bankruptcy Court shall have entered an order confirming the Plan by no later than sixty-five (65) days following the Petition Date.

Each of the Solicitation Motion, the Plan, the Interim Order, and the Final Order shall be in form and substance reasonably acceptable to the Administrative Agent.

Representations and Warranties:

Each of the DIP Borrowers admit, represent, and warrant that each of the representations and warranties made in the Bridge Loan are true, accurate and correct in all material respects.

Affirmative and Negative Covenants:

Each of the affirmative and negative covenants set forth in the Bridge Loan are hereby incorporated by reference into this Term Sheet.

Events of Default:

Each of the following shall constitute an event of default (the **“Events of Default”**): (i) the use of proceeds from the DIP Facility, the DIP Collateral, or the Cash Collateral not in accordance with this Term Sheet and the DIP Documents, (ii) the use of funds outside of the DIP Budget, subject to the Permitted Variance, (iii) the failure to meet any of the Milestones, subject to the availability of the Bankruptcy Court, (iv) the filing of a pleading, Plan, or document or entry of an order that is inconsistent with this Term Sheet, the DIP Documents, or the restructuring term sheet, (v) the reversal or appeal of the DIP Orders, (vi) the creation of any lien on the DIP Collateral that is *pari passu* or senior to the liens of the DIP Secured Parties without the DIP Lender’s consent, (vii) the conversion of the Cases to cases under chapter 7 of the Bankruptcy Code, (viii) the dismissal of the Cases, (ix) the appointment of a chapter 11 trustee or examiner with expanded powers in the Cases, (x) the entry of an order terminating the Debtors’ exclusive right to file a plan or the expiration of the Debtors’ exclusive right to file a plan, or (xi) the lifting of the automatic stay with

respect to or the exercise of any remedies against the DIP Collateral with a fair value in excess of \$50,000 without advance written consent of the DIP Lender.

Remedies:

Notwithstanding the provisions of Section 362 of the Bankruptcy Code, but subject to the applicable provisions of the DIP Orders, if any Event of Default occurs and is continuing, the Administrative Agent may take any or all of the following actions on behalf of the DIP Lender, no earlier than three (3) business days after written notice to the DIP Borrowers, after an Event of Default occurs:

- i. terminate the commitment of the DIP Lender to make DIP Loans and its consent to use of proceeds of DIP Facility and Cash Collateral;
- ii. declare that the unpaid amount of the DIP Obligations, all interest accrued and unpaid thereon, and all other amounts owing or payable under the DIP Documents, this Term Sheet and the DIP Orders to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the DIP Borrowers;
- iii. foreclose upon the DIP Collateral; or
- iv. take any other action or exercise any other right or remedy as permitted by the DIP Documents or applicable law.

No Marshalling:

Upon entry of the Final Order, the DIP Lender and the lender under the Prepetition Loan Obligations shall not be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds shall be received and applied in accordance with the DIP Documents and the documents relating to the Prepetition Loan Obligations, as applicable.

**Section 506(c)
552(b) Waiver:**

Except to the extent of the Carve Out, no costs or expenses of administration of the Cases or any future or successor cases therefrom shall be charged against or recovered from the DIP Collateral (including Cash Collateral) or Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principles of law, without the prior written consent of the Collateral Trustee acting at the direction of the Administrative Agent, and no consent shall be implied from any other action, inaction, or acquiescence by the Collateral Trustee and nothing in this Term Sheet or the DIP Orders shall be deemed to be a consent by the Collateral Trustee to any charge, lien, assessment, or claims against the DIP Collateral (including Cash Collateral) under section 506(c) of the Bankruptcy Code or otherwise.

In no event shall the “equities of the case” exception in section 552(b) of the Bankruptcy Code apply to the secured parties under the Prepetition Loan Obligations with respect to proceeds, products, offspring, or profits of any Prepetition Collateral.

The Final Order shall approve the waiver of all claims against the DIP Collateral (including cash collateral) under section 506(c) of the Bankruptcy Code and similar rights under section 552(b) of the Bankruptcy Code.

**Expenses of DIP Secured
Parties:**

The reasonable and documented professional fees and out-of-pocket expenses incurred by the DIP Secured Parties (limited, in the case of counsel, to one primary counsel for each DIP Secured Party plus local Delaware counsel), including expenses incurred in connection with defending the validity and enforceability of the Prepetition Loan Obligations, the DIP Loans, any documentation relating to the foregoing, or any of the liens or adequate

protection securing the same, shall be promptly paid by the DIP Borrowers in cash on no less than a monthly basis (documentation in summary form to be sufficient) solely to the extent that funds for payment thereof are set forth in the DIP Budget, *provided* that the DIP Lender has provided their prior written consent with regard to the DIP Budget, which shall include the approved budget for DIP Secured Parties' counsel and any variance testing in connection with the DIP Budget shall not apply to DIP Secured Parties' counsel fees.

Indemnification:

The DIP Borrowers agree to indemnify and hold the DIP Secured Parties and their respective directors, officers, employees, agents, attorneys, representatives and affiliates harmless from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, and costs and expenses incurred, suffered, sustained or required to be paid by an indemnified party by reason of or resulting from the transactions contemplated hereby; provided however, that no such person will be indemnified for costs, expenses or liabilities to the extent they are determined by a final, non-appealable judgment of a court of competent jurisdiction to have been directly caused by such indemnified party's gross negligence or willful misconduct.³ In all such litigation, or the preparation therefore, the DIP Secured Parties shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the DIP Borrowers agree to pay promptly the reasonable and documented out-of-pocket fees and expenses of such counsel (but limited, in the case of legal fees and expenses, to the reasonable and documented out-of-pocket fees and expenses of one primary counsel for each of the DIP Secured Parties and also appropriate local counsel (including Delaware bankruptcy counsel) in applicable local jurisdictions. Notwithstanding the foregoing, none of the DIP Agents, DIP Lender, or DIP Borrowers or any of their respective affiliates will be liable for any indirect, special, punitive or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) in connection with the transactions contemplated hereby.

Governing Law:

The laws of the State of New York (excluding the laws applicable to conflicts or choice of law), except as governed by the Bankruptcy Code.

Release:

The DIP Orders shall provide for a mutual release of claims, subject to any Challenge rights set forth herein.

Amendments and Waivers; Assignment

Except as otherwise provided herein or therein, the provisions of the DIP Documents and the DIP Orders may not be amended or waived without the written consent of the DIP Borrowers, the Administrative Agent (email being sufficient), and the Collateral Trustee (email being sufficient). This Term Sheet shall become binding upon each party hereto and its respective successors and permitted assigns, and shall inure to the benefit of the Administrative Agent and its permitted successors and assigns, upon the date on which the Term Sheet is executed by both the DIP Secured Parties and the DIP Borrowers (the "**Effective Date**"). No other person or entity shall be a direct or indirect legal beneficiary of or have any direct or indirect cause of action or claim in connection with, this Term Sheet or any related documentation. The rights and obligations of the DIP Borrowers hereunder may not be assigned by the DIP Borrowers without the prior written consent of the Administrative Agent, which consent may be granted or withheld in the Administrative Agent's sole discretion.

DIP Orders Governs

In the event of any conflict between this Term Sheet, on the one hand, and the terms of the DIP Orders, on the other, the terms of the DIP Orders shall govern.

Survival

All representations, warranties, covenants, agreements, and conditions contained in or

³ [NTD: Aligning with precedent indemnity in bridge loan agreement.]

made pursuant to the DIP Documents shall survive (a) the making of the DIP Loans and the payment of the DIP Obligations and (b) the performance, observance and compliance with the covenants, terms and conditions, express or implied, of all DIP Documents, until the due and punctual (i) indefeasible payment of the DIP Obligations and (ii) performance, observance and compliance with the covenants, terms and conditions, express or implied, of this Term Sheet and all of the other DIP Documents; provided, however, that the Indemnification & Expenses provision shall survive (x) indefeasible payment of the DIP Obligations and (y) performance, observance and compliance with the covenants, terms and conditions, express or implied, of this Term Sheet and all of the other DIP Documents.

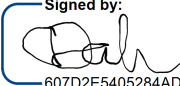
Collateral Trustee

In connection with the DIP Facility, the Collateral Trustee shall be entitled to all rights, privileges, protections, immunities and exculpations in favor of the Collateral Trustee under Section 12.16 of the Bridge Loan, *mutatis mutandis*. Solely among the DIP Secured Parties, the Collateral Trust Agreement, dated as of May 21, 2020, between Collateral Trustee and Administrative Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**Collateral Trust Agreement**”) shall apply to the DIP Facility, *mutatis mutandis*, provided that the DIP Obligations shall be entitled to distributions after the SECOND clause of Section 3.6 and prior to the THIRD clause of Section 3.6 of the Collateral Trust Agreement.

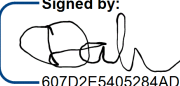
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date set forth above.

BORROWERS:

MOLECULAR TEMPLATES OPKO, INC.


Signed by: 
By 607D2E5405284AD...
Name: Craig Jalbert
Title: Chief Executive Officer

MOLECULAR TEMPLATES, INC.

Signed by: 
By 607D2E5405284AD...
Name: Craig Jalbert
Title: Chief Executive Officer

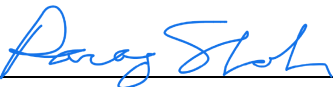
ADMINISTRATIVE AGENT:

K2 HEALTHVENTURES LLC

By 
Name: Parag Shah
Title: Chief Executive Officer

LENDER:

K2 HEALTHVENTURES LLC

By 
Name: Parag Shah
Title: Chief Executive Officer

COLLATERAL TRUSTEE:

ANKURA TRUST COMPANY, LLC

By _____
Name: Beth Micena
Title: Senior Director

ADMINISTRATIVE AGENT:

K2 HEALTHVENTURES LLC

By _____

Name: Parag Shah

Title: Chief Executive Officer

LENDER:

K2 HEALTHVENTURES LLC

By _____

Name: Parag Shah

Title: Chief Executive Officer

COLLATERAL TRUSTEE:

ANKURA TRUST COMPANY, LLC

By Beth Micena _____

Name: Beth Micena

Title: Managing

Director

Exhibit 2

DIP Budget

Molecular Templates, Inc., et al.

Postpetition Cash Flow Budget

Postpetition Cash Flow Budget	Post-Petition														TOTAL
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	13-Week	
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	04/20/25	04/27/25	05/04/25	05/11/25	05/18/25	05/25/25	06/01/25	06/08/25	06/15/25	06/22/25	06/29/25	07/06/25	07/13/25	04/20/25	
	04/26/25	05/03/25	05/10/25	05/17/25	05/24/25	05/31/25	06/07/25	06/14/25	06/21/25	06/28/25	07/05/25	07/12/25	07/19/25	07/19/25	
RECEIPTS:															
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
DIP Funding [up to \$3 million]	500,000	-	-	1,500,000	-	-	-	-	-	600,000	-	-	-	2,600,000	
TOTAL RECEIPTS	\$ 500,000	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ 2,600,000	
OPERATING DISBURSEMENTS:															
Consultants	\$ 10,000	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,000	\$ 5,000	\$ 5,000	\$ 100,000	
Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IP Counsel	-	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000	
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IT	-	5,000	-	-	-	-	5,000	-	-	-	5,000	-	-	15,000	
Storage	-	-	-	3,500	-	-	-	-	-	-	-	-	1,500	5,000	
Taxes	-	-	-	-	-	-	50,000	-	-	-	-	-	-	50,000	
Contingency	7,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	25,500	
TOTAL OPERATING DISBURSEMENTS	\$ 17,500	\$ 21,500	\$ 6,500	\$ 10,000	\$ 56,500	\$ 16,500	\$ 61,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 21,500	\$ 6,500	\$ 8,000	\$ 245,500	
RESTRUCTURING / BANKRUPTCY RELATED DISBURSEMENTS:															
DIP Loan (Fees & Interest)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 205,000	\$ 237,500	
DIP Lender's Counsel [Sidley Austin, LLP]	30,769	30,769	30,769	30,769	30,769	30,769	30,769	30,769	30,769	30,769	30,769	30,769	30,769	400,000	
DIP Lender's Local Counsel [Polsinelli]	9,615	9,615	9,615	9,615	9,615	9,615	9,615	9,615	9,615	9,615	9,615	9,615	9,615	125,000	
Debtors' Counsel [Morris Nichols, LLP]	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	1,105,000	
SEC & Tax Counsel [Lowenstein Sandler]	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	100,000	
Debtors' Financial Advisor [Rock Creek Advisors]	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	15,385	200,000	
Claims Agent	-	-	25,000	-	-	-	25,000	-	-	-	25,000	-	-	75,000	
Independent Director	-	-	6,250	-	-	-	6,250	-	-	-	6,250	-	-	18,750	
UST Fees	-	-	-	-	-	-	-	-	-	-	-	-	23,000	23,000	
D&O Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL RESTRUCTURING / BANKRUPTCY RELATED DISBURSEMENTS	\$ 148,462	\$ 148,462	\$ 179,712	\$ 148,462	\$ 148,462	\$ 155,962	\$ 179,712	\$ 148,462	\$ 148,462	\$ 173,462	\$ 179,712	\$ 148,462	\$ 376,462	\$ 2,284,250	
GRAND TOTAL - DISBURSEMENTS	\$ 165,962	\$ 169,962	\$ 186,212	\$ 158,462	\$ 204,962	\$ 172,462	\$ 241,212	\$ 154,962	\$ 154,962	\$ 179,962	\$ 201,212	\$ 154,962	\$ 384,462	\$ 2,529,750	
NET CASH FLOW	\$ 334,038	\$ (169,962)	\$ (186,212)	\$ 1,341,538	\$ (204,962)	\$ (172,462)	\$ (241,212)	\$ (154,962)	\$ (154,962)	\$ 420,038	\$ (201,212)	\$ (154,962)	\$ (384,462)	\$ 70,250	
OPENINING CASH	\$ 120,865	\$ 454,903	\$ 284,942	\$ 98,730	\$ 1,440,269	\$ 1,235,307	\$ 1,062,846	\$ 821,634	\$ 666,673	\$ 511,711	\$ 931,750	\$ 730,538	\$ 575,577	\$ 120,865	
(+) DIP Funding / (Repayments)	500,000	-	-	1,500,000	-	-	-	-	-	600,000	-	-	-	2,600,000	
Deposit(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Flow	(165,962)	(169,962)	(186,212)	(158,462)	(204,962)	(172,462)	(241,212)	(154,962)	(154,962)	(179,962)	(201,212)	(154,962)	(384,462)	(2,529,750)	
ENDING CASH	\$ 454,903	\$ 284,942	\$ 98,730	\$ 1,440,269	\$ 1,235,307	\$ 1,062,846	\$ 821,634	\$ 666,673	\$ 511,711	\$ 931,750	\$ 730,538	\$ 575,577	\$ 191,115	\$ 191,115	