

**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)

(Jointly Administered)

**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 April 22, 2025 at 9:30 a.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 Secured Parties (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 *Amended 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* [D.I. 29-1] (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; *provided, however*, \$6,000,000 of the Prepetition Loan Obligations shall be “rolled up” upon the entry of this Interim Order and \$3,000,000 shall be “rolled up” upon the entry of the Final Order (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

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 the 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 “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.

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.

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 Secured Parties and, pursuant to sections 105, 361, and 363 of the Bankruptcy Code, the Prepetition Secured Parties are hereby found to be an entity that has acted in “good faith” in connection with the negotiation and entry of this Order, and are 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 Secured Parties and, pursuant to sections 105 and 364 of the Bankruptcy Code, the DIP Secured Parties are

hereby found to be entities that have acted in “good faith” in connection with the negotiation of the DIP Term Sheet and the entry of this Order, and are 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 thirteen-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 Lender 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 Secured Parties 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 Secured Parties, for the benefit of themselves and their 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 Secured Parties, 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 DIP Facility, 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 Secured Parties 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 Secured Parties 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 Secured Parties' 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 Secured Parties 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 Secured Parties 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 Secured Parties of whatever kind, nature, or description, whether absolute or contingent, now existing or hereafter arising and wherever located, the DIP Secured Parties shall have and are 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, automatic 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, control, 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 Secured Parties are 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 Secured Parties 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 any DIP Secured Parties 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 automatic 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 Secured Parties are 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, Avoidance Actions (as defined below) and proceeds thereof) (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 Secured Parties are entitled to adequate protection of their interests in the Prepetition Collateral, in an amount equal to the aggregate Diminution in the Value of, the Prepetition Secured Parties’ 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 Secured Parties are hereby

granted the following (the “Adequate Protection Claims”), to the extent of Prepetition Secured Parties’ 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 upon entry of the Final Order, 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, the DIP Liens, 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 Secured Parties (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 Secured Parties' 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 Secured Parties, 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, the DIP Liens, 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 before 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 and 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 any DIP Secured Parties (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 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 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 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 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 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 Secured Parties, 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 Secured Parties 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 Secured Parties, 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 Secured Parties 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 Secured Parties or the Prepetition Secured Parties. 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 Secured Parties 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 Secured Parties 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 Secured Parties, 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 Secured Parties 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 any DIP Secured Parties 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 Secured Parties 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 Secured Parties 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 five (5) 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 Secured Parties 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 the DIP Secured Parties 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 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 Secured Parties under this Interim Order shall survive.

- 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 Secured Parties 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 Secured Parties' 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 Secured Parties as provided in this Interim Order and the DIP Term Sheet or the DIP Secured Parties 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 Secured Parties; *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 Secured Parties' exercise of remedies in respect of the DIP Collateral, the DIP Secured Parties (or any of their 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 any DIP Secured Party 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 such DIP Secured Party actually occupies or uses such assets or properties or for any fees, rentals or other amounts that may become due following the end of such DIP Secured Party's occupation or use). Notwithstanding anything to the contrary herein, nothing in this Interim Order shall affect, impair or otherwise prejudice any rights that the Debtors' landlords may have or have the effect of encumbering, pledging or collateralizing the leasehold interests of the Debtors with respect to premises owned by such landlord to the extent otherwise prohibited under the terms of the applicable lease with such landlord.

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 Secured Parties or Prepetition Secured Parties 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 Secured Parties' 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 Secured Parties and Prepetition Secured Parties 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 (A) as to the Creditors' Committee only, seventy-five (75) calendar days after entry of the Interim Order, and (B) as for all other parties in interest, seventy-five (75) 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 the Final Order may shorten or modify the Challenge Period; *provided further, 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) seventy-five (75) calendar days after entry of the Interim Order or (II) the date that is thirty (30) calendar days after its appointment; *provided further, however*, that the Final Order may shorten or modify the extended Challenge Period. For the avoidance of doubt, any chapter 7 trustee appointed or elected in these Cases shall, until the expiration of the period provided herein for asserting Challenges, and thereafter for the duration of any adversary proceeding or contested matter commenced pursuant to this paragraph (whether commenced by such trustee or commenced by any other party in interest on behalf of the Debtors' estates), be deemed to be a party other than the Debtors and shall not, for purposes of such adversary proceeding or contested matter, be bound by the acknowledgments, admissions, confirmations and stipulations of the Debtors in this Interim Order.

- 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 Obligations, the DIP Collateral, Prepetition 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 Secured Parties or Prepetition Secured Parties (in their capacities as such), and each of their 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 Secured Parties or Prepetition Secured Parties under the DIP Term Sheet, the DIP Facility, DIP Obligations 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 Secured Parties or Prepetition Secured Parties to recover on its collateral, or seeking affirmative relief against any of the DIP Secured Parties or Prepetition Secured Parties related to the DIP Facility; (ii) invalidating, setting aside, avoiding, or subordinating, in whole or in part, the liens or claims of the DIP Secured Parties or Prepetition Secured Parties; or (iii) for monetary, injunctive, or other affirmative relief against the DIP Secured Parties or Prepetition Secured Parties; (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 Secured Parties or Prepetition Secured Parties; (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 Prepetition Liens or any other rights or interests of any of the DIP Secured Parties or Prepetition Secured Parties; *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 Prepetition Secured Parties solely concerning the legality, validity, priority, perfection, enforceability, or extent of the claims, liens, or interests held by or on behalf of the Prepetition Secured Parties.

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 Secured Parties or Prepetition Secured Parties 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, the DIP Facility, the Prepetition Loan Obligations, 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 Secured Parties or Prepetition Secured Parties' rights, remedies, powers, or privileges under the DIP Term Sheet, the DIP Facility, the Prepetition Loan Obligations 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 Secured Parties or Prepetition Secured Parties, 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 DIP Lender or Prepetition Lender, as applicable, 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) or Prepetition Collateral under section 506(c) of the Bankruptcy Code or otherwise. Subject to the entry of the Final Order, in no event shall the “equities of the case” exception in section 552(b) of the Bankruptcy Code apply to the Prepetition 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 Secured Parties 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 the Prepetition 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 Secured Parties and the Prepetition Secured Parties 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, each of the Debtors on one hand, and each of the DIP Secured Parties or Prepetition Secured Parties, on the other hand, 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,

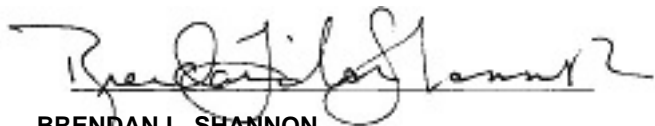
partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current or former director or manager 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 "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 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 Secured Parties or Prepetition Secured Parties, the Prepetition Loan Obligations, any documentation of the Prepetition Loan Obligations and any other obligations or other financial accommodations made by any Releasee to any Debtor; *provided that* the releases set forth in this section shall not release (i) any claims against the Releasees or liabilities that a court of competent jurisdiction determines in a final non-appealable judgment results from the fraud, gross negligence or willful misconduct of such Releasees or (ii) the Prepetition Obligations or the DIP Obligations. In addition, notwithstanding anything to the contrary set forth herein, upon the repayment of all DIP Obligations owed to the DIP Secured Parties by the Debtors and termination of the rights and obligations arising under the DIP Term Sheet and DIP Facility (which payment and termination shall be on terms and conditions acceptable to the DIP Secured Parties), the Releasees 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 Secured Parties, DIP Term Sheet, the DIP Facility, 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 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 **May 21, 2025 at 2:00 p.m. (prevailing Eastern Time)**. Any party in interest objecting to the relief sought at the Final Hearing shall file written objections no later than **May 8, 2025 at 4:00 p.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.

Dated: April 28th, 2025
Wilmington, Delaware

A handwritten signature in black ink, appearing to read "Brendan L. Shannon", written over a horizontal line.

BRENDAN L. SHANNON
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

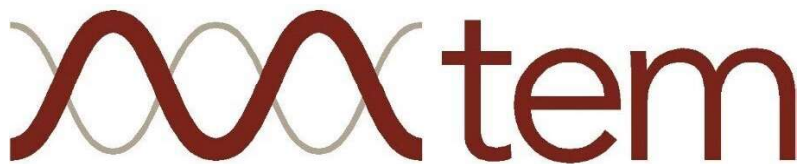
DIP Term Sheet



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.

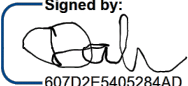
Collateral Trustee

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

Molecular Templates, Inc., et al.

Postpetition Cash Flow Budget

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	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
IP Counsel	-	-	-	-	50,000	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT	-	5,000	-	-	-	-	5,000	-	-	-	5,000	-	-	15,000
Storage	-	-	-	3,500	-	-	-	-	-	-	-	-	-	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	\$ -	\$ -	\$ -	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 [Polisnell]	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
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
OPENING CASH														
(+) DIP Funding / (Repayments)	\$ 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
Deposit(s)	500,000	-	-	-	1,500,000	-	-	-	-	600,000	-	-	-	2,600,000
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

Exhibit 2

DIP Budget

Molecular Templates, Inc., et al.

Postpetition Cash Flow Budget

RECEIPTS:														
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DIP Funding [up to \$3 million]	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
IP Counsel	-	-	-	-	50,000	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT	-	5,000	-	-	-	-	5,000	-	-	-	5,000	-	-	15,000
Storage	-	-	-	-	3,500	-	-	-	-	-	-	-	-	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	\$ -	\$ -	\$ -	\$ 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 [Polisnell]	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	-	-	-	-	-	-	-	-	-	-	-	-	-	18,750
UST Fees	-	-	-	-	-	-	6,250	-	-	-	6,250	-	-	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
OPENING CASH														
(+) DIP Funding / (Repayments)	\$ 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
Deposit(s)	500,000	-	-	-	-	-	-	-	-	600,000	-	-	-	2,600,000
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