

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2020

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34375

**PLUS THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction  
of incorporation or organization)

33-0827593  
(I.R.S. Employer  
Identification No.)

4200 MARATHON BLVD., SUITE 200, AUSTIN, TX  
(Address of principal executive offices)

78756  
(Zip Code)

(737) 255-7194

(Registrant's telephone number, including area code)

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

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

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

Large Accelerated Filer   
Non-Accelerated Filer

Accelerated Filer   
Smaller reporting company   
Emerging growth company

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

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

As of May 8, 2020, there were 4,111,357 shares of the registrant's common stock outstanding.

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

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

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements that may be deemed “forward-looking statements” within the meaning of U.S. securities laws. All statements in this report, other than statements of historical fact, are forward-looking statements. These forward-looking statements may be identified by terms such as “intend,” “expect,” “believe,” “anticipate,” “will,” “should,” “would,” “could,” “may,” “designed,” “potential,” and similar expressions, or the negative of such expressions. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

These statements include, without limitation, statements regarding: our anticipated expenditures, including research and development, sales and marketing, and general and administrative expenses; the potential size of the market for our products; future development and/or expansion of our products and therapies in our markets; our ability to generate product or development revenues and the sources of such revenues; our ability to effectively manage our gross profit margins; our ability to obtain and maintain regulatory approvals; expectations as to our future performance; portions of the “Liquidity and Capital Resources” section of this report, including our potential need for additional financing and the availability thereof; our ability to continue as a going concern; our ability to remain listed on the Nasdaq Capital Market; our ability to repay or refinance some or all of our outstanding indebtedness and our ability to raise capital in the future; and the potential enhancement of our cash position through development, marketing, and licensing arrangements. Our actual results will likely differ, perhaps materially, from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to: the early stage of our product candidates and therapies, the results of our research and development activities, including uncertainties relating to the clinical trials of our product candidates and therapies; our need and ability to raise additional cash, the outcome of our partnering/licensing efforts, risks associated with laws or regulatory requirements applicable to us, market conditions, product performance, potential litigation, competition within the regenerative medicine field, and the ongoing COVID-19 pandemic. The forward-looking statements included in this report are also subject to a number of additional material risks and uncertainties, including but not limited to the risks described under “Part I - Item 1A - Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, and under “Part II, Item 1A - Risk Factors” in this Quarterly Report on Form 10-Q. These risks and uncertainties that could cause actual results to differ materially from expectations or those expressed in these forward-looking statements. We encourage you to read these risks carefully. We caution you not to place undue reliance on the forward-looking statements contained in this report. These statements, like all statements in this report, speak only as of the date of this report (unless an earlier date is indicated) and we undertake no obligation to update or revise the statements except as required by law.

**PART I. FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**PLUS THERAPEUTICS, INC.**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
**(UNAUDITED)**  
**(in thousands, except share and par value data)**

	As of March 31, 2020	As of December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 16,061	\$ 17,552
Accounts receivable	978	1,169
Restricted cash	—	40
Inventories, net	107	107
Other current assets	551	957
Total current assets	17,697	19,825
Property and equipment, net	2,096	2,179
Operating lease right-of-use assets	744	781
Other assets	58	72
Goodwill	372	372
Total assets	\$ 20,967	\$ 23,229
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,670	\$ 3,279
Operating lease liability	136	147
Term loan obligations, net of discount	11,182	11,060
Total current liabilities	14,988	14,486
Other noncurrent liabilities	8	8
Noncurrent operating lease liability	624	646
Warrant liability	5,262	6,929
Total liabilities	20,882	22,069
Commitments and contingencies (Notes 9)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; 1,959 shares issued and outstanding at March 31, 2020 and December 31, 2019	—	—
Common stock, \$0.001 par value; 100,000,000 shares authorized; 3,880,588 shares issued and outstanding at March 31, 2020 and December 31, 2019	4	4
Additional paid-in capital	426,438	426,426
Accumulated deficit	(426,357)	(425,270)
Total stockholders' equity	85	1,160
Total liabilities and stockholders' equity	\$ 20,967	\$ 23,229

See Accompanying Notes to these Consolidated Condensed Financial Statements

**PLUS THERAPEUTICS, INC.**  
**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(UNAUDITED)**  
**(in thousands, except share and per share data)**

	<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Development revenues:		
Government contracts and other	\$ 118	\$ 737
Operating expenses:		
Research and development	941	1,426
Sales and marketing	110	114
General and administrative	1,508	1,363
Total operating expenses	<u>2,559</u>	<u>2,903</u>
Operating loss	(2,441)	(2,166)
Other income (expense):		
Interest income	36	7
Interest expense	(349)	(515)
Change in fair value of warrants	1,667	210
Total other income (expense)	<u>1,354</u>	<u>(298)</u>
Loss from continuing operations	(1,087)	(2,464)
Loss from discontinued operations	—	(686)
Net loss	<u>\$ (1,087)</u>	<u>\$ (3,150)</u>
Basic and diluted net loss per share attributable to common stockholders - continuing operations	\$ (0.28)	\$ (6.98)
Basic and diluted net loss per share attributable to common stockholders - discontinued operations	\$ —	\$ (1.94)
Net loss per share, basis and diluted	<u>\$ (0.28)</u>	<u>\$ (8.92)</u>
Basic and diluted weighted average shares used in calculating net loss per share attributable to common stockholders	3,880,588	353,142
Comprehensive loss:		
Net loss	\$ (1,087)	\$ (3,150)
Other comprehensive loss – foreign currency translation adjustments	-	(140)
Comprehensive loss	<u>\$ (1,087)</u>	<u>\$ (3,290)</u>

See Accompanying Notes to these Consolidated Condensed Financial Statements

**PLUS THERAPEUTICS, INC.**  
**CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**  
**(in thousands)**

	Convertible preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	4,606	\$ —	296,609	\$ —	\$ 418,390	\$ 1,218	\$ (414,383)	\$ 5,225
Share-based compensation	—	—	—	—	49	—	—	49
Sale of common stock, net	—	—	139,855	—	1,873	—	—	1,873
Conversion of Series B Convertible Preferred Stock into common stock	(66)	—	1,652	—	—	—	—	—
Foreign currency translation adjustment and accumulated other comprehensive income	—	—	—	—	—	(140)	—	(140)
Net loss	—	—	—	—	—	—	(3,150)	(3,150)
Balance at March 31, 2019	<u>4,540</u>	<u>\$ —</u>	<u>438,116</u>	<u>\$ —</u>	<u>\$ 420,312</u>	<u>\$ 1,078</u>	<u>\$ (417,533)</u>	<u>\$ 3,857</u>
Balance at December 31, 2019	1,959	\$ —	3,880,588	\$ 4	\$ 426,426	\$ —	\$ (425,270)	\$ 1,160
Share-based compensation	—	—	—	—	12	—	—	12
Net loss	—	—	—	—	—	—	(1,087)	(1,087)
Balance at March 31, 2020	<u>1,959</u>	<u>\$ —</u>	<u>3,880,588</u>	<u>\$ 4</u>	<u>\$ 426,438</u>	<u>\$ —</u>	<u>\$ (426,357)</u>	<u>\$ 85</u>

See Accompanying Notes to these Consolidated Condensed Financial Statements

**PLUS THERAPEUTICS, INC.**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(in thousands)**

	<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows used in operating activities:</b>		
Net loss	\$ (1,087)	\$ (3,150)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	94	443
Amortization of deferred financing costs and debt discount	122	168
Noncash lease expenses	4	—
Change in fair value of warrants	(1,667)	(210)
Share-based compensation expense	12	49
Increases (decreases) in cash caused by changes in operating assets and liabilities:		
Accounts receivable	191	(212)
Inventories	—	16
Other current assets	405	16
Other assets	14	1
Accounts payable and accrued expenses	410	(405)
Deferred revenues	—	(25)
Other long-term liabilities	—	39
Net cash used in operating activities	<u>(1,502)</u>	<u>(3,270)</u>
<b>Cash flows used in investing activities:</b>		
Purchases of property and equipment	(11)	(6)
Net cash used in investing activities	<u>(11)</u>	<u>(6)</u>
<b>Cash flows (used in) provided by financing activities:</b>		
Payment of financing lease liability	(18)	(28)
Proceeds from sale of common stock, net	—	1,919
Net cash (used in) provided by financing activities	<u>(18)</u>	<u>1,891</u>
Effect of exchange rate changes on cash and cash equivalents	—	(4)
Net decrease in cash and cash equivalents	<u>(1,531)</u>	<u>(1,389)</u>
Cash, cash equivalents, and restricted cash at beginning of period	17,592	5,301
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 16,061</u>	<u>\$ 3,912</u>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid during period for:		
Interest	\$ 227	\$ 347

See Accompanying Notes to these Consolidated Condensed Financial Statements

**PLUS THERAPEUTICS, INC.**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**March 31, 2020**  
**(UNAUDITED)**

**1. Basis of Presentation and New Accounting Standards**

Our accompanying unaudited consolidated condensed financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. Our consolidated condensed balance sheet at December 31, 2019 has been derived from the audited financial statements at December 31, 2019, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position and results of operations of Plus Therapeutics, Inc., and our subsidiaries (collectively, the “Company”) have been included. Operating results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. These financial statements should be read in conjunction with the consolidated financial statements and notes therein included in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 30, 2020.

On March 30, 2019, the Company entered into an Asset and Share Sale and Purchase Agreement (the “Lorem Purchase Agreement”) with Lorem Vascular Pte. Ltd. (“Lorem”), pursuant to which, among other things, Lorem agreed to purchase the Company’s UK subsidiary, Cytori Ltd. (the “UK Subsidiary”), and the Company’s cell therapy assets, excluding such assets used in Japan or relating to the Company’s contract with the U.S. Department of Health and Human Service’s Biomedical Advanced Research and Development Authority (“BARDA”). Both the Company and Lorem made customary representations, warranties and covenants in the Lorem Purchase Agreement. The transaction was completed on April 24, 2019 and the Company received \$4.0 million of cash proceeds, of which \$1.7 million was used to pay down principal, interest and fees under the Loan and Security Agreement, dated May 29, 2015 (the “Loan and Security Agreement”) (Note 5), with Oxford Finance, LLC (“Oxford”).

On April 19, 2019, the Company entered into an Asset and Share Sale and Purchase Agreement (the “Shirahama Purchase Agreement”) with Seijirō Shirahama, pursuant to which, among other things, Mr. Shirahama agreed to purchase the Company’s Japanese subsidiary, Cytori Therapeutics, K.K. (the “Japanese Subsidiary”), and substantially all of the Company’s cell therapy assets used in Japan. Both the Company and Mr. Shirahama made customary representations, warranties and covenants in the Shirahama Purchase Agreement. The transaction was completed on April 25, 2019 and the Company received \$3.0 million of cash proceeds, of which \$1.4 million was used to pay down principal, interest and fees under the Loan and Security Agreement.

**Amendments to Certificate of Incorporation and Reverse Stock Split**

On July 29, 2019, the Company amended its Certificate of Incorporation with the State of Delaware to change its corporate name from Cytori Therapeutics, Inc. to Plus Therapeutics, Inc. The Company also changed its trading symbol for its common stock on the Nasdaq Capital Market to “PSTV”.

On August 5, 2019, following stockholder and Board approval, the Company filed a Certificate of Amendment (the “August 2019 Amendment”) to its Amended and Restated Certificate of Incorporation (the Amendment), as amended, with the Secretary of State of the State of Delaware to effectuate a one-for-fifty (1:50) reverse stock split (the “August 2019 Reverse Stock Split”) of its common stock, par value \$0.001 per share, without any change to its par value. The August 2019 Amendment became effective on the filing date. The August 2019 Reverse Stock Split became effective for trading purposes as of the commencement of trading on the Nasdaq Capital Market on August 6, 2019. There was no change in the Company’s Nasdaq ticker symbol, “PSTV,” as a result of the August 2019 Reverse Stock Split. Upon effectiveness, each 50 shares of issued and outstanding common stock were converted into one newly issued and outstanding share of common stock. The Company’s 5,000,000 shares of authorized Preferred Stock were not affected by the August 2019 Reverse Stock Split. No fractional shares were issued in connection with the August 2019 Reverse Stock Split. Any fractional shares of common Stock that would have otherwise resulted from the August 2019 Reverse Stock Split were rounded up to the nearest whole share. Outstanding equity awards and the shares available for future grant under the Company’s Amended and Restated 2004 Equity Incentive Plan, 2011 Employee Stock Purchase Plan, 2014 Amended and Restated Equity Incentive Plan and 2015 New Employee Incentive Plan were proportionately reduced (rounded down to the nearest whole share), and the exercise prices of outstanding equity awards were proportionately increased (rounded up to the nearest whole cent) to give effect to the August 2019 Reverse Stock Split.



## Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The standard amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. For available-for-sale debt securities, entities will be required to recognize an allowance for credit losses rather than a reduction in carrying value of the asset. Entities will no longer be permitted to consider the length of time that fair value has been less than amortized cost when evaluating when credit losses should be recognized. This new guidance is effective in the first quarter of 2023 for calendar-year SEC filers that are smaller reporting companies as of the one-time determination date. Early adoption is permitted beginning in 2019. The Company plans to adopt the new guidance on January 1, 2023, and it does not expect that adoption of this standard will have an impact on its consolidated financial statements and related disclosures.

## Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13 (ASU 2018-13), *Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. The standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company adopted ASU 2018-13 as of January 1, 2020, which has not had a material impact on the Company's financial statements.

## 2. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Our most significant estimates and critical accounting policies involve recognizing revenue, reviewing assets for impairment, determining the assumptions used in measuring share-based compensation expense, valuing warrants, and valuing allowances for doubtful accounts.

Actual results could differ from these estimates. Management's estimates and assumptions are reviewed regularly, and the effects of revisions are reflected in the consolidated financial statements in the periods they are determined to be necessary.

## 3. Liquidity and Going Concern

We incurred net losses of \$1.1 million for the three months ended March 31, 2020. We have an accumulated deficit of \$426.4 million as of March 31, 2020. Additionally, we used net cash of \$1.5 million to fund our operating activities for the three months ended March 31, 2020. These factors raise substantial doubt about the Company's ability to continue as a going concern.

To date, these operating losses have been funded primarily from outside sources of invested capital in the Company's common stock, proceeds raised from the Loan and Security Agreement, and gross profits. We have had, and we will continue to have, an ongoing need to raise additional cash from outside sources to fund our future clinical development programs and other operations. Our inability to raise additional cash would have a material and adverse impact on operations and would cause us to default on our loan.

On August 19, 2019, the Company received written notice from Nasdaq indicating that, based on the Company's stockholders' deficit of \$6.3 million as of June 30, 2019, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, it is no longer in compliance with the minimum stockholders' equity requirement for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1), which requires listed companies to maintain stockholders' equity of at least \$2.5 million.

Based on the Company's stockholders' equity of \$85,000 as of March 31, 2020, the Company does not meet the minimum stockholders' equity requirement for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1). In April 2020, the Company entered into agreements (the "Warrant Amendments") with certain holders of the Series U Warrants (the "Amending Warrant Holders") to amend the terms of the Amending Warrant Holders' Series U Warrants to, among other things, (i) limit the Company's obligation to make cash payments to the Amending Warrant Holders upon certain fundamental transactions and (ii) establish an exercise price of \$2.25. Subsequent to the Warrant Amendments, the amended Series U warrants are expected to meet the criteria under authoritative guidance to be classified within stockholders' equity. The Company expects that in April 2020, approximately \$4.2 million of warrant liability will be reclassified to the stockholders' equity section of the balance sheet. In addition, approximately \$0.7 million of other income representing change in the fair value of

amended warrants from April 1, 2020 to the amendment date will be recorded in the statement of operations and other comprehensive income (loss) for the three months ending June 30, 2020.

The Company continues to seek additional capital through strategic transactions and from other financing alternatives. Without additional capital, current working capital will not provide adequate funding to make debt repayments, for research, sales and marketing efforts and product development activities at their current levels. If sufficient capital is not raised, the Company will at a minimum need to significantly reduce or curtail its research and development and other operations, and this would negatively affect its ability to achieve corporate growth goals.

Should the Company fail to raise additional cash from outside sources, this would have a material adverse impact on its operations.

The accompanying consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

#### 4. Fair Value Measurements

Fair value measurements are market-based measurements, not entity-specific measurements. Therefore, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. We follow a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable in active markets.

Warrants issued by the Company in connection with a rights offering originally filed under a Form S-1 registration statement in April 2018 (“Series T Warrants”) and in an underwritten public offering in September 2019 (“Series U Warrants”) are classified as liability instruments. Because some of the inputs to our valuation model are either not observable or are not derived principally from or corroborated by observable market data by correlation or other means, the warrant liability is classified as Level 3 in the fair value hierarchy.

The estimated fair value of the Series T Warrants as of March 31, 2020 and December 31, 2019 was determined by using an option pricing model with the following assumptions:

	As of March 31, 2020	As of December 31, 2019
Expected term	1 year	1.1 years
Common stock market price	\$ 1.88	\$ 2.40
Risk-free interest rate	0.17%	1.59%
Expected volatility	204%	168%
Resulting fair value (per warrant)	\$ 1.17	\$ 1.47

The Company estimated the fair value of the Series U Warrants with the Black Scholes model. The Series U warrants will be marked to market as of each balance sheet date until they are exercised or upon expiration, with the changes in fair value recorded as non-operating income or loss in the statements of operations and comprehensive loss.

	As of March 31, 2020	As of December 31, 2019
Expected term	4.5 years	4.75 years
Common stock market price	\$ 1.88	\$ 2.40
Risk-free interest rate	0.35%	1.68%
Expected volatility	140%	135%
Resulting fair value (per warrant)	\$ 1.47	\$ 1.94

The following tables summarizes the change in Level 3 warrant liability value (in thousands):

<u>Warrant liability</u>	Three Months Ended March 31, 2020
Beginning balance	\$ 6,929
Change in fair value	(1,667)
Ending balance	\$ 5,262

  

<u>Warrant liability</u>	Three Months Ended March 31, 2019
Beginning balance	\$ 916
Change in fair value	(210)
Ending balance	\$ 706

## 5. Term Loan Obligations

On May 29, 2015, the Company entered into the Loan and Security Agreement, dated May 29, 2015, with Oxford (the “Loan and Security Agreement”), pursuant to which it funded an aggregate principal amount of \$17.7 million (“Term Loan”), subject to the terms and conditions set forth in the Loan and Security Agreement. The Term Loan accrues interest at a floating rate of at least 8.95% per annum, comprised of three-month LIBOR rate with a floor of 1.00% plus 7.95%. Pursuant to the Loan and Security Agreement, we were previously required to make interest only payments through June 1, 2016 and thereafter we were required to make payments of principal and accrued interest in equal monthly installments sufficient to amortize the Term Loan through June 1, 2019, the maturity date. On February 23, 2016, we received an acknowledgement and agreement from Oxford related to the positive data on our U.S. ACT-OA clinical trial. As a result, pursuant to the Loan and Security Agreement, the period for which we are required to make interest-only payments was extended from July 1, 2016 to January 1, 2017. All unpaid principal and interest with respect to the Term Loan is due and payable in full on June 1, 2019. At maturity of the Term Loan, or earlier repayment in full following voluntary prepayment or upon acceleration, we are required to make a final payment in an aggregate amount equal to approximately \$1.1 million. In connection with the Term Loan, on May 29, 2015, we issued to Oxford warrants to purchase an aggregate of 188 shares of our common stock at an exercise price of \$5,175 per share. These warrants became exercisable as of November 30, 2015 and will expire on May 29, 2025 and, following the authoritative accounting guidance, are equity classified and its respective fair value was recorded as a discount to the debt.

In September 2017 and June 2018, the Company entered into two amendments to the Term Loan which extended the interest-only period, and the Company agreed to pay Oxford an amendment fee of \$250,000 at the earlier of maturity or acceleration of the loan.

On August 31, 2018, the Company entered into a third amendment (the “Third Amendment”) to the Term Loan with Oxford. The Third Amendment extends requires that the Company pay to Oxford, in accordance with its pro rata share of the loans, 75% of all proceeds received (i) from the issuance and sale of unsecured subordinated convertible debt, (ii) in connection with a joint venture, collaboration or other partnering transaction, (iii) in connection with any licenses, (iv) from dividends (other than non-cash dividends from wholly owned subsidiaries) and (v) from the sale of any assets (such requirement, the “Prepayment Requirement”). The Prepayment Requirement does not apply to proceeds from the sale and issuance of the Company’s equity securities, other than convertible debt. The Prepayment Requirement shall apply until an aggregate principle amount of \$7.0 million has been paid pursuant to the Prepayment Requirement. However, if less than \$7.0 million has been paid pursuant to the

Prepayment Requirement on December 31, 2018 then the Company is required to promptly make additional payments until an aggregate principal amount of \$7.0 million has been paid.

On December 31, 2018, the Company entered into a fourth amendment (the "Fourth Amendment") to the Term Loan with Oxford, which increased the minimum liquidity covenant level from \$1.5 million to \$2.0 million.

On February and March 2019, the Company entered into a fifth amendment and a sixth amendment to the Term Loan which primarily extended the interest only period to March 29, 2019. On April 29, 2019, the Company entered into a seventh amendment (the "Seventh Amendment") to the Term Loan, pursuant to which, among other things, Oxford agreed to interest only payments starting May 1, 2019, with amortization payments resuming on May 1, 2020. In April 2019, the Company repaid \$3.1 million of total principal using the proceeds received from sale of the Company's former UK and Japan subsidiaries as described in Note 1.

On March 29, 2020, the Company entered into the Ninth Amendment of the Loan and Security Agreement ("Ninth Amendment"), pursuant to which Oxford agreed to defer the start date of principal repayment from May 1, 2020 to May 1, 2021. In addition, pursuant to the Ninth Amendment, on April 1, 2020, the Company made a \$5.0 million paydown of principal upon execution of the Ninth Amendment. After giving effect to this payment, there is \$4.3 million of principal outstanding under the Loan Agreement. As a result of this Ninth Amendment, the term of the Term Loan has been extended from June 1, 2021 to June 1, 2024. In addition, an amendment fee of \$1.3 million will be payable in connection with the Amendment at the earlier of the maturity date, acceleration of the loans and the making of certain prepayments. All other major terms remained consistent.

Under authoritative guidance, the Ninth Amendment does not meet the criteria to be accounted for as a troubled debt restructuring. In addition, the Company performed a quantitative analysis and determined that the terms of the new debt and original debt instrument are not substantially different. Accordingly, the Ninth Amendment is accounted for as debt modification. A new effective interest that equates the revised cash flows to the carrying amount of the original debt is computed and applied prospectively.

The Term Loan, as amended, is collateralized by a security interest in substantially all of the Company's existing and subsequently acquired assets, including its intellectual property assets, subject to certain exceptions set forth in the Loan and Security Agreement, as amended. The intellectual property asset collateral will be released upon the Company achieving certain liquidity level when the total principal outstanding under the Loan and Security Agreement is less than \$3 million. As of March 31, 2020, we were in compliance with all of the debt covenants under the Loan and Security Agreement.

The Company's interest expense for the three months ended March 31, 2020 and 2019 was \$0.3 million and \$0.5 million, respectively. Interest expense is calculated using the effective interest method, therefore it is inclusive of non-cash amortization in the amount of \$0.1 million for the three months ended March 31, 2020 and \$0.2 million for the three months ended March 31, 2019, related to the amortization of the debt discount, capitalized loan costs, and accretion of final payment.

The Loan and Security Agreement, as amended, contains customary indemnification obligations and customary events of default, including, among other things, our failure to fulfill certain obligations under the Term Loan, as amended, and the occurrence of a material adverse change, which is defined as a material adverse change in our business, operations, or condition (financial or otherwise), a material impairment of the prospect of repayment of any portion of the loan. In the event of default by the Company or a declaration of material adverse change by its lender, under the Term Loan, the lender would be entitled to exercise its remedies thereunder, including the right to accelerate the debt, upon which we may be required to repay all amounts then outstanding under the Term Loan, which could materially harm the Company's financial condition. As of March 31, 2020, the Company has not received any notification or indication from Oxford to invoke the material adverse change clause. However, due to the Company's current cash flow position and the substantial doubt about its ability to continue as a going concern, the entire principal amount of the Term Loan is presented as short-term. The Company will continue to evaluate the debt classification on a quarterly basis and evaluate for reclassification in the future should its financial condition improve.

## **6. Revenue Recognition**

### *Development Revenue*

The Company earns revenue for performing tasks under research and development agreements with governmental agencies like BARDA which is outside of the scope of the new revenue recognition guidance. Revenues derived from reimbursement of direct out-of-pocket expenses for research costs associated with government contracts are recorded as government contracts and other within development revenues. Government contract revenue is recorded at the gross amount of the reimbursement. The costs associated with these reimbursements are reflected as a component of research and development expense in our statements of operations.

The BARDA contract was terminated by the U.S. Department of Health and Human Services effectively in December 2019. During the three months ended March 31, 2020, the Company recognized \$0.1 million in development revenue and related costs related to unreimbursed costs prior to termination of the contract.

## 7. Discontinued Operations

As explained in Note 1, on April 24, 2019 and April 25, 2019, the Company completed the sale of its cell therapy business to Lorem and Mr. Shirahama. The following table summarizes the calculation of the loss on sale of the cell therapy business, which was finalized during the fourth quarter of 2019 (in thousands):

Consideration received	\$	7,000
Transaction costs		(1,363)
Net cash proceeds		5,637
Less:		
Carrying value of business and assets sold		12,145
Net loss on sale of business	\$	(6,508)

There were no assets or liabilities related to discontinued operations as of March 31, 2020 or December 31, 2019.

The following table summarizes the results of discontinued operations for the periods presented (in thousands.):

	Three Months Ended March 31,	
	2020	2019
Product revenue	\$ —	\$ 703
Cost of revenue	—	659
Gross profit	—	44
Operating expenses:		
Research and development	—	420
Sales and marketing	—	314
General and administrative	—	145
Total operating expenses	—	879
Operating loss	—	(835)
Other income (expense)		149
Loss from discontinued operations	\$ —	\$ (686)

During the three months ended March 31, 2019, revenues from discontinued operations were related to the cell therapy business. Because of the sale of the cell therapy business to Lorem and Mr. Shirahama, all product revenues and costs of product revenues for these periods have been recorded in loss from discontinued operations in the consolidated statements of operations.

Included in the statement of cash flows are the following non-cash adjustments related to the discontinued operations (in thousands):

	Three Months Ended March 31,	
	2020	2019
Depreciation and amortization	\$ —	\$ 344
Provision for excess inventory	\$ —	\$ —
Loss on asset disposal	\$ —	\$ —

## 8. Loss per Share

Basic per share data is computed by dividing net income or loss applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted per share data is computed by dividing net income or loss applicable to common stockholders by the weighted average number of common shares outstanding during the period increased to include, if dilutive, the number of additional common shares that would have been outstanding as calculated using the treasury stock method. Potential common shares were related to outstanding but unexercised options, multiple series of preferred stock, and warrants for all periods presented.

The following were excluded from the diluted loss per share calculation for the periods presented because their effect would be anti-dilutive:

	Three Months Ended March 31,	
	2020	2019
Outstanding stock options	87,741	2,000
Outstanding warrants	3,637,000	178,000
Preferred stocks	298,000	92,000
Total	4,022,741	272,000

## 9. Commitments

### Leases

At the inception of a contractual arrangement, the Company determines whether the contract contains a lease by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset in exchange for consideration over a period of time. If both criteria are met, the Company calculates the associated lease liability and corresponding right-of-use asset upon lease commencement using a discount rate based on the rate implicit in the lease or an incremental borrowing rate commensurate with the term of the lease.

The Company records lease liabilities within current liabilities or long-term liabilities based upon the length of time associated with the lease payments. The Company records its operating lease right-of-use assets as long-term assets. Right-of-use assets for financing leases are recorded within property and equipment, net in the balance sheet. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Instead, the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The Company leases laboratory, office and storage facilities in San Antonio, Texas, under operating lease agreements that expire in 2028. The Company also leases certain office space in Austin, Texas under a month-to-month operating lease agreement. In addition, the Company leases certain equipment under various operating and finance leases. The lease agreements generally provide for periodic rent increases, and renewal and termination options. The Company's lease agreements do not contain any material variable lease payments, residual value guarantees or material restrictive covenants.

Certain leases require the Company to pay taxes, insurance, and maintenance. Payments for the transfer of goods or services such as common area maintenance and utilities represent non-lease components. The Company elected the package of practical expedients and therefore does not separate non-lease components from lease components.

The table below summarizes the Company's lease liabilities and corresponding right-of-use assets (in thousands):

	As of March 31, 2020
<b>Assets</b>	
Operating	\$ 744
Financing	102
Total leased assets	<u>\$ 846</u>
<b>Liabilities</b>	
Current:	
Operating	\$ 136
Financing	108
Noncurrent:	
Operating	624
Financing	4
Total lease liabilities	<u>\$ 872</u>
Weighted-average remaining lease term (years) - operating leases	6.74
Weighted-average remaining lease term (years) - finance leases	0.82
Weighted-average discount rate - operating leases	7.91%
Weighted-average discount rate - finance leases	5%

The table below summarizes the Company's lease costs from its unaudited consolidated condensed statement of operations, and cash payments from its unaudited consolidated condensed statement of cash flows during the three months ended March 31, 2020 (in thousands, except years and rates):

**Three Months Ended March 31, 2020**

Lease expense:	
Operating lease expense	\$ 55
Finance lease expense:	
Depreciation of right-of-use assets	32
Interest expense on lease liabilities	2
<b>Total lease expense</b>	<b>\$ 89</b>
Cash payment information:	
Operating cash used for operating leases	\$ 51
Financing cash used for financing leases	18
<b>Total cash paid for amounts included in the measurement of lease liabilities</b>	<b>\$ 69</b>

Total rent expenses for the three months ended March 31, 2020 was \$95,000, which includes leases in the table above, month-to-month operating leases, and common area maintenance charges.

The Company's future minimum annual lease payments under operating and financing leases at March 31, 2020 are as follows in (thousands):

	<b>Financing Leases</b>	<b>Operating Leases</b>
Remaining 2020	\$ 105	\$ 159
2021	7	183
2022	—	123
2023	—	100
Thereafter	—	447
<b>Total minimum lease payments</b>	<b>\$ 112</b>	<b>\$ 1,012</b>
Less: amount representing interest	0	(252)
<b>Present value of obligations under leases</b>	<b>112</b>	<b>760</b>
Less: current portion	(108)	(136)
<b>Noncurrent lease obligations</b>	<b>\$ 4</b>	<b>\$ 624</b>

*Other commitments*

The Company has entered into agreements with various research organizations for pre-clinical and clinical development studies, which have provisions for cancellation. Under the terms of these agreements, the vendors provide a variety of services including conducting research, recruiting and enrolling patients, monitoring studies and data analysis. Payments under these agreements typically include fees for services and reimbursement of expenses. The timing of payments due under these agreements is estimated based on current study progress. As of March 31, 2020, the Company had clinical research study obligations of \$0.9 million, all of which is expected to be paid within a year. Should the timing of the clinical trials change, the timing of the payment of these obligations would also change.

The Company is subject to various claims and contingencies related to legal proceedings. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Management believes that any liability to the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company's financial condition, liquidity, or results of operations as a whole.

**10. NanoTx License Agreement**

On March 29, 2020, the Company and NanoTx, Corp. ("NanoTx") entered into a Patent and Know-How License Agreement (the "NanoTx License Agreement"), pursuant to which NanoTx granted the Company an irrevocable, perpetual, exclusive, fully paid-up license, with the right to sublicense and to make, develop, commercialize and otherwise exploit certain patents, know-how and technology related to the development of radiolabeled nanoliposomes.

The transaction terms will require the Company to make an upfront payment of \$400,000 in cash and \$300,000 in the Company's voting common stock (the "Equity Compensation"), subject to certain substantive closing conditions. Furthermore,

the Company may be required to pay up to \$136.5 million in development and sales milestone payments and a tiered single-digit royalty on U.S. and European sales.

## **11. Stockholders' Equity**

### **Preferred Stock**

The Company has authorized 5,000,000 shares of preferred stock, par value \$0.001 per share. The Company's Board of Directors is authorized to designate the terms and conditions of any preferred stock we issue without further action by the common stockholders. There were no shares of Series A 3.6% Convertible Preferred Stock outstanding as of March 31, 2020 or December 31, 2019. There were 1,021 shares of Series B Convertible Preferred Stock outstanding as of each of March 31, 2020 and December 31, 2019. There were 938 shares of Series C Preferred Stock outstanding as of each of March 31, 2020 and December 31, 2019.

As of March 31, 2020, there were 938 outstanding shares of Series C Preferred Stock that can be converted into an aggregate of 291,920 shares of common stock, and 1,021 shares of Series B Convertible Preferred Stock that can be converted into an aggregate of 6,133 shares of common stock.

### **Warrants**

Pursuant to a registration statement on Form S-1 originally filed on April 27, 2018, as amended, which became effective on July 17, 2018, and related prospectus (as supplemented), the Company registered and distributed to holders of its common stock and Series B Convertible Preferred Stock, at no charge, non-transferable subscription rights to purchase up to an aggregate of 20,000 units each consisting of one share of Series C Preferred Stock and 1,050 warrants for \$1,000 per unit ("Series T Warrants"). Pursuant to the 2018 Rights Offering, which closed on July 25, 2018, the Company sold an aggregate of 6,723 units, resulting in total net proceeds to the Company of approximately \$5.7 million. The exercise price of the Series T Warrants was further adjusted such that every 50 warrants can be exercised into one share of common stock for \$3.2132, and the conversion price of the Series C Preferred Stock was reduced from \$7.50 to \$3.2132.

As of March 31, 2020, there were 3,788,400 outstanding Series T Warrants that can be exercised into an aggregate of 75,768 shares of common stock.

On September 25, 2019, the Company completed an underwritten public offering. The Company issued 289,000 shares of its common stock, along with pre-funded warrants to purchase 2,711,000 shares of its common stock and Series U Warrants to purchase 3,450,000 shares of its common stock at \$5.00 per share. The Series U Warrants have a term of five years from the issuance date. In addition, the Company issued warrants to the Representatives to purchase 75,000 shares of its common stock at \$6.25 per share with a term of 5.0 years from the issuance date, in the form of Series U Warrants.

In accordance with authoritative guidance, the pre-funded warrants are classified as equity. The Series U Warrants and the Representative Warrants are classified as liabilities due to a contingent obligation for the Company to settle the Series U Warrants with cash upon certain change in control events.

As of March 31, 2020, there were 3,525,000 outstanding Series U Warrants which can be exercised into an aggregate of 3,525,000 shares of common stock.

### **Common Stock**

On September 21, 2018, the Company entered into the Lincoln Park Purchase Agreement with Lincoln Park pursuant to which the Company has the right to sell to Lincoln Park and Lincoln Park is obligated to purchase up to \$5.0 million of shares, of the Company's common stock, over the 24-month period following October 15, 2018. Through December 31, 2018, the Company sold a total of 12,802 shares for proceeds of approximately \$0.3 million through the Lincoln Park Purchase Agreement. During the year ended December 31, 2019, the Company sold a total of 32,170 shares for proceeds of approximately \$0.3 million. The Company believes there is no amount remaining available under this financing facility as of March 31, 2020.



## 12. Stock-based Compensation

In February 2020, the Company amended the 2015 Plan to increase the total number of shares of common stock reserved for issuance under the plan by 250,000 shares. As of March 31, 2020, there are 53,799 and 210,030 shares common stock remaining and available for future issuances under the 2015 and 2014 Plans, respectively.

A summary of activity for the three months ended March 31, 2020 is as follows:

	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2019	1,865	\$ 2,968.22	
Granted	86,000	\$ 2.18	
Cancelled/forfeited	(124)	\$ 49,903.00	
Outstanding as of March 31, 2020	87,741	\$ 51.44	\$ —
Vested as of March 31, 2020	1,080	\$ 3,862.00	\$ —
Vested and expected to be vested as of March 31, 2020	87,741	\$ 51.44	\$ —

As of March 31, 2020, the total compensation cost related to non-vested stock options not yet recognized for all our plans is approximately \$227,000, which is expected to be recognized as a result of vesting under service conditions over a weighted average period of 2.77 years.

## 13. COVID-19 Pandemic and CARES Act

A novel strain of coronavirus (COVID-19) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has presented substantial public health and economic challenges and is affecting economies, financial markets and business operations around the world. International and U.S. governmental authorities in impacted regions are taking action in an effort to slow the spread of COVID-19, including issuing varying forms of “stay-at-home” orders, and restricting business functions outside of one’s home. In response, the Company has put restrictions on employee travel and working from its executive offices with many employees continuing their work remotely. While the Company has implemented additional health and safety precautions and protocols in response to the pandemic and government guidelines, the Company has not yet experienced a significant impact on its business and operations. However, the Company may experience disruptions that could adversely impact its business operations as well as its preclinical studies and clinical trials. The Company is currently continuing the clinical trials it has underway in sites across the U.S., and the Company expects that COVID-19 precautions may directly or indirectly impact the timeline for some of its clinical trials. Some of the Company’s clinical trial sites, including those located in areas severely impacted by the pandemic, have placed new patient enrollment into clinical trials on hold or, for patients traveling from out-of-state, have implemented a 14-day self-quarantine before appointments. The Company considered the impacts of COVID-19 on the assumptions and estimates used to prepare its financial statements and determined that there were no material adverse impacts on the Company’s results of operations and financial position at March 31, 2020. The full extent to which the COVID-19 pandemic will directly or indirectly impact its business, results of operations and financial condition, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat it, as well as the economic impact on local, regional, national and international markets.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law on March 27, 2020. The CARES Act, among other things, includes tax provisions relating to refundable payroll tax credits, deferment of employer’s social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property (QIP). The CARES Act had no material impact on the Company’s income tax provision for the three months ended March 31, 2020. The Company continues to evaluate the impact of the CARES Act on its financial position, results of operations and cash flows.

## 14. Subsequent Events

Between April 17 and April 21, 2020 and as disclosed in the Company’s 8-K filing on April 23, 2020, the Company entered in revised warrant agreements with the holders of 3,372,000 series U warrants. In return for reducing the strike price of the warrants to \$2.25 per share, the warrant holders agreed to amend the settlement provisions upon fundamental transactions such that the warrants would meet the requirements to be classified within stockholders’ equity. The Company expects that in April 2020, approximately \$4.2 million of warrant liability will be reclassified to the stockholders’ equity section of the balance sheet. In

addition, approximately \$0.7 million of other income representing change in the fair value of amended warrants from April 1, 2020 to the amendment date will be recorded in the statement of operations and other comprehensive income (loss) for the three months ending June 30, 2020.

In connection with the amendment of the Company's Series U warrants, and in accordance with the terms of the Series T warrants, the exercise price of the Company's Series T warrants was adjusted such that every 50 Series T warrants can be exercised into one share of common stock for \$2.25.

On April 1, 2020, the Company made a principal repayment of \$5.0 million and associated final payment fee of \$308,000, in accordance with the Ninth Amendment.

On May 7, 2020, in accordance with the terms of the NanoTx License Agreement, the Company paid an upfront payment of \$400,000 in cash and issued 230,769 shares of its common stock to NanoTx.

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

The following discussion and analysis should be read in conjunction with the unaudited financial information and the notes thereto included herein, as well as the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2019, as filed on March 30, 2020. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under the caption “Cautionary Note Regarding Forward-Looking Statements” in this report, as well as under “Part I – Item 1A - Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, in other subsequent filings with the SEC, and elsewhere in this Quarterly Report on Form 10-Q. These statements, like all statements in this report, speak only as of the date of this Quarterly Report on Form 10-Q (unless another date is indicated), and we undertake no obligation to update or revise these statements in light of future developments.

Our Management’s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, includes the following sections:

- Overview that discusses our operating results and some of the trends that affect our business.
- Results of Operations that includes a more detailed discussion of our revenue and expenses.
- Liquidity and Capital Resources which discusses key aspects of our statements of cash flows, changes in our financial position and our financial commitments.
- Significant changes since our most recent Annual Report on Form 10-K in the Critical Accounting Policies and Significant Estimates that we believe are important to understanding the assumptions and judgments underlying our financial statements.

### Overview

Plus Therapeutics, Inc. is a clinical-stage pharmaceutical company focused on the discovery, development, and manufacturing scale up of complex and innovative treatments for patients battling cancer and other life-threatening diseases.

Our proprietary nanotechnology platform is currently centered around the enhanced delivery of a variety of drugs using novel liposomal encapsulation technology. Liposomal encapsulation has been extensively explored and undergone significant technical and commercial advances since it was first developed. Our platform is designed to facilitate new delivery approaches and/or formulations of safe and effective, injectable drugs, potentially enhancing the safety, efficacy and convenience for patients and healthcare providers.

We plan to leverage our nanotechnology platform and expertise using a simple multi-step model that enables us to address unmet needs or underserved conditions while managing risks and minimizing development costs through: (1) mapping of the current and anticipated market landscape to clearly understand the clinical and commercial opportunities and defining nanotechnology options, (2) redesign of known, safe and effective active pharmaceutical ingredients with new nanotechnology, (3) manufacture-to-scale of the reformulated drug along with critical non-clinical (i.e. bench, animal) analyses, (4) evaluation of early-stage clinical utility with a focus on proving safety and defining efficacy over the current standard of care, and (5) partnering the innovative treatment for late-stage clinical trials, regulatory approval, and commercial launch.

### Recent Developments

In April 2020, we entered into agreements (the “Warrant Amendments”) with certain holders of the Series U Warrants (the “Amending Warrant Holders”) to amend the terms of the Amending Warrant Holders’ Series U Warrants to, among other things, (i) limit the Company’s obligation to make cash payments to the Amending Warrant Holders upon certain fundamental transactions and (ii) establish an exercise price of \$2.25. Subsequent to the Warrant Amendments, the amended Series U warrants meet the criteria under authoritative guidance to be classified within stockholders’ equity. As a result of the Warrant Amendments, and in accordance with the terms of the Series T Warrants, the exercise price of our Series T warrants was adjusted such that every 50 Series T warrants can be exercised into one share of common stock for \$2.25.

On March 29, 2020, we entered into a ninth amendment (the “Ninth Amendment”) to the Loan and Security Agreement, pursuant to which, among other things, Oxford agreed to defer the start date of principal repayment from May 1, 2020 to May 1, 2021. On April 1, 2020, we made a \$5.0 million paydown of principal upon execution of the Ninth Amendment. As a result of this Ninth Amendment, the term of the Term Loan has been extended from June 1, 2021 to June 1, 2024, with all other major terms remained consistent.

On March 29, 2020, we entered into an exclusive license agreement with NanoTx for global development and commercialization of its glioblastoma treatment. Pursuant to the terms of the NanoTx License Agreement, on May 7, 2020 we paid an upfront payment of \$400,000 in cash and issued 230,769 shares of its common stock to NanoTx. This license agreement commits us to certain milestone

payments to NanoTx upon successful completion of various milestones, together with royalty and sales payments based on the successful commercialization of the treatment.

A novel strain of coronavirus (COVID-19) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has presented substantial public health and economic challenges and is affecting economies, financial markets and business operations around the world. International and U.S. governmental authorities in impacted regions are taking action in an effort to slow the spread of COVID-19, including issuing varying forms of “stay-at-home” orders, and restricting business functions outside of one’s home. In response, the Company has put restrictions on employee travel and working from its executive offices with many employees continuing their work remotely. While the Company has implemented additional health and safety precautions and protocols in response to the pandemic and government guidelines, the Company has not yet experienced a significant impact on its business and operations. However, the Company may experience disruptions that could adversely impact its business operations as well as its preclinical studies and clinical trials. The Company is currently continuing the clinical trials it has underway in sites across the U.S., and the Company expects that COVID-19 precautions may directly or indirectly impact the timeline for some of its clinical trials. Some of the Company’s clinical trial sites, including those located in areas severely impacted by the pandemic, have placed new patient enrollment into clinical trials on hold or, for patients traveling from out-of-state, have implemented a 14-day self-quarantine before appointments. The Company considered the impacts of COVID-19 on the assumptions and estimates used to prepare its financial statements and determined that there were no material adverse impacts on the Company’s results of operations and financial position at March 31, 2020.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s operations, including its preclinical studies and clinical trials, financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its clinical program and timeline, financial condition, liquidity, operations, suppliers, industry, and workforce. The Company also continues to evaluate the extent to which these delays will impact its ability to manufacture its product candidates for its clinical trials and conduct other research and development operations and maintain applicable timelines. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law on March 27, 2020. The CARES Act, among other things, includes tax provisions relating to refundable payroll tax credits, deferment of employer’s social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property (QIP). The CARES Act had no material impact on the Company’s income tax provision for the three months ended March 31, 2020. The Company continues to evaluate the impact of the CARES Act on its financial position, results of operations and cash flows.

## Results of Operations

### Development revenues

Under our government contract with BARDA, we recognized a total of \$0.1 million in revenues for the three months ended March 31, 2020 and \$0.1 million in qualified expenditures. The BARDA contract was terminated in December 2019 and the Company expects the close out process will be completed in the three months ending June 30, 2020.

### Research and development expenses

Research and development expenses include costs associated with the design, development, testing and enhancement of our products, payment of regulatory fees, laboratory supplies, pre-clinical studies and clinical studies.

The following table summarizes the components of our research and development expenses for the three months ended March 31, 2020 and 2019 (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Research and development	\$ 937	\$ 1,415
Share-based compensation	4	11
<b>Total research and development expenses</b>	<b>\$ 941</b>	<b>\$ 1,426</b>

The decrease in research and development expenses for the three months ended March 31, 2020 as compared to the same period in 2019 is due primarily to decreased professional services as a result of discontinuing manufacturing subsequent to sale of the Company’s former cell therapy business.

We expect aggregate research and development expenditures to increase significantly during the remainder of 2020 due to our investment in NanoTx therapy treatment development.

#### Sales and marketing expenses

Sales and marketing expenses include costs of sales and marketing personnel, events and tradeshows, customer and sales representative education and training, primary and secondary market research, and product and service promotion. The following table summarizes the components of our sales and marketing expenses for the three months ended March 31, 2020 and 2019 (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Sales and marketing	\$ 109	\$ 112
Share-based compensation	1	2
<b>Total sales and marketing expenses</b>	<b>\$ 110</b>	<b>\$ 114</b>

Sales and marketing expenses remained consistent for the three months ended March 31, 2020 compared with the same period of 2019.

We expect sales and marketing expenditures to remain consistent on a quarterly basis for the remainder of 2020 as compared with the quarter ended March 31, 2020.

#### General and administrative expenses

General and administrative expenses include costs for administrative personnel, legal and other professional expenses, and general corporate expenses. The following table summarizes the general and administrative expenses for the three months ended March 31, 2020 and 2019 (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
General and administrative	\$ 1,501	\$ 1,327
Share-based compensation	7	36
<b>Total general and administrative expenses</b>	<b>\$ 1,508</b>	<b>\$ 1,363</b>

General and administrative expenses increased by \$0.1 million during the three months ended March 31, 2020, as compared to the same period in 2019. The increase is primarily driven by an increase of \$0.3 million of professional fees in the three months ended March 31, 2020, and a reduction of personnel expenses of \$0.2 million in three months ended March 31, 2020, compared with the same period of 2019.

We expect general and administrative expenditures to remain consistent on a quarterly basis for the remainder of 2020 as compared with the quarter ended March 31, 2020.

#### Share-based compensation expense

Share-based compensation expense includes charges related to options and restricted stock awards issued to employees, directors and non-employees. We measure stock-based compensation expense based on the grant-date fair value of any awards granted to our employees. Such expense is recognized over the requisite service period.

The following table summarizes the components of our share-based compensation expenses for the three months ended March 31, 2020 and 2019 (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Research and development-related	\$ 4	\$ 11
Sales and marketing-related	1	2
General and administrative-related	7	36
<b>Total share-based compensation</b>	<b>\$ 12</b>	<b>\$ 49</b>

The decrease in share-based compensation expense for the three months ended March 31, 2020 as compared to the same period in 2019 is primarily related to lower grant activity caused by reductions in headcount and decline in the stock price during 2020 as compared to the same period in 2019, and its corresponding impact on share-based compensation.

We expect to continue to grant options (which will result in an expense) to our employees, directors, and, as appropriate, to non-employee service providers. In addition, previously-granted options will continue to vest in accordance with their original terms. As of March 31, 2020, the total compensation cost related to non-vested stock options and stock awards not yet recognized for all our plans is approximately \$227,000 which is expected to be recognized as a result of vesting under service conditions over a weighted average period of 2.77 years.

### Financing items

The following table summarizes interest income, interest expense, and other income and expense for the three months ended March 31, 2020 and 2019 (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income	\$ 36	\$ 7
Interest expense	(349)	(515)
Change in fair value of warrants	1,667	210
Total	<u>\$ 1,354</u>	<u>\$ (298)</u>

The decrease in interest expense for the three months ended March 31, 2020 as compared to the same period in 2019 was primarily due to the repayment of debt principal of \$3.1 million in April 2019. The changes in fair value of our warrant liabilities are primarily due to fluctuations in the valuation inputs for the warrants. See Note 4 to the unaudited condensed consolidated financial statements included elsewhere herein for disclosure and discussion of our warrant liabilities.

We expect interest expense in 2020 to decrease as compared with 2019 due to principal repayment of \$5.0 million on April 1, 2020. Between April 17 and April 21, 2020, we entered in revised warrant agreements with the holders of 3,372,000 series U warrants. In return for reducing the strike price of the warrants, the warrant holders agreed to amend the settlement provisions upon fundamental transactions. We expect that the amended warrants would meet the requirements for equity classification under authoritative accounting guidance, and will no longer be subject to mark to market accounting post amendment.

### **Liquidity and Capital Resources**

#### Short-term and long-term liquidity

The following is a summary of our key liquidity measures at March 31, 2020 and December 31, 2019 (in thousands):

	<u>As of March 31,</u>	<u>As of December 31,</u>
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 16,061	\$ 17,552
Current assets	\$ 17,697	\$ 19,825
Current liabilities	14,988	14,486
Working capital	<u>\$ 2,709</u>	<u>\$ 5,339</u>

We incurred net losses of \$1.1 million for the three months ended March 31, 2020. We have an accumulated deficit of \$426.4 million as of March 31, 2020. Additionally, we used net cash of \$1.5 million to fund our operating activities for the three months ended March 31, 2020. These factors raise substantial doubt about our ability to continue as a going concern.

To date, these operating losses have been funded primarily from outside sources of invested capital in our common stock, proceeds raised from the Loan and Security Agreement, and gross profits. We have had, and we will continue to have, an ongoing need to raise additional cash from outside sources to fund our future clinical development programs and other operations. Our inability to raise additional cash would have a material and adverse impact on operations and would cause us to default on our loan.

On March 29, 2020, we entered into the Ninth Amendment, pursuant to which, among other things, Oxford agreed to defer the start date of principal repayment from May 1, 2020 to May 1, 2021. In addition, on April 1, 2020, we made a \$5.0 million paydown of principal upon execution of the Ninth Amendment. As a result of this Ninth Amendment, the term of the Term Loan has been extended from June 1, 2021 to June 1, 2024, with all other major terms remained consistent.

In September 2019, we finalized the indirect cost rate under the BARDA Agreement for indirect costs incurred during the years 2012 through 2019, which resulted in approximately \$4.6 million of revenue recognized during the year ended December 31, 2019.

In September 2019, we entered into an underwriting agreement with H.C. Wainwright & Co., LLC (the “Representative”), as representative of the underwriters (the “Underwriters”), pursuant to which we sold in an underwritten public offering an aggregate of (i) 289,000 Class A Units, each consisting of one share of common stock, par value \$0.001 per share, of the Company and one Series U Warrant to purchase one share of common stock, and (ii) 2,711,000 Class B Units, each consisting of one pre-funded Series V Warrant to purchase one share of common stock and one Series U Warrant to purchase one share of common stock at a public offering price of \$5.00 per Class A Unit and \$4.9999 per Class B Unit (“September 2019 Offering”). In addition, we granted the Underwriters a 45-day option to purchase up to an additional 450,000 shares of our common stock and/or Series U warrants at the public offering price, less the underwriting discounts and commissions. The Underwriters exercised their option to purchase an additional 450,000 Series U warrants. We also issued to the Representative warrants (in the form of the Series U warrants) to purchase 75,000 shares of common stock with an exercise price of \$6.25 per share of common stock (“Representative Warrants”).

On April 24, 2019 we received \$3.3 million of net cash proceeds related to the sale of the UK subsidiary and our cell therapy assets (excluding such assets used in Japan or relating to the our contract with BARDA), of which \$1.7 million was used to pay down principal, interest and fees on the Loan and Security Agreement, and on April 25, 2019 we received \$2.4 million of net cash proceeds related to the sale of the Japanese Subsidiary, and substantially all of our cell therapy assets used in Japan, of which \$1.4 million was used to pay down principal, interests and fees on the Loan and Security Agreement.

In August 2019, we consummated a 1-for-50 reverse stock split pursuant to which the minimum bid price of our common stock rose above \$1.00 in order to regain compliance with the Nasdaq Stock Market Listing Rule 5550(a)(2) concerning the minimum bid price per share of our common stock.

Based on our stockholders’ equity of \$85,000 as of March 31, 2020, we do not meet the minimum stockholders’ equity requirement for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1). Between April 17 and April 21, 2020 and as disclosed in the Company’s 8-K filing on April 23, 2020, the Company entered in revised warrant agreements with the holders of 3,372,000 series U warrants. In return for reducing the strike price of the warrants, the warrant holders agreed to amend the settlement provisions upon fundamental transactions such that the warrants would meet the requirements for equity classification under authoritative accounting guidance. If this transaction had occurred on March 31, 2020, the warrant liability would have been reduced by \$4,952,000, resulting in a warrant liability of \$222,000 and stockholders’ equity of \$5,037,000. As a result, the Company would have met the Nasdaq minimum equity requirement under Nasdaq Listing Rule 5550(b)(1).

We continue to seek additional capital through strategic transactions and other financing alternatives. Without additional capital, current working capital and cash generated from sales will not provide adequate funding for research, sales and marketing efforts and product development activities at their current levels. If sufficient capital is not raised, we will at a minimum need to significantly reduce or curtail our research and development and other operations, and this would negatively affect our ability to achieve corporate growth goals. Our stock price has also been negatively impacted in part by the downturn in the financial markets due to the COVID-19 pandemic. This in turn will likely negatively impact our ability to raise funds through equity-related financings. Further, the global economic downturn may impair our ability to obtain additional financing through other means, such as strategic transactions or debt financing. The overall deterioration of the credit and financial markets due to the COVID-19 pandemic will likely generally reduce our ability to obtain additional financing to fund our operations.

Should we be unable to raise additional cash from outside sources, this would have a material adverse impact on our operations.

Cash (used in) provided by operating, investing, and financing activities for the three months ended March 31, 2019 and 2018 is summarized as follows (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net cash used in operating activities	\$ (1,502)	\$ (3,270)
Net cash used in investing activities	(11)	(6)
Net cash (used in) provided by financing activities	(18)	1,891
Effect of exchange rate changes on cash and cash equivalents	—	(4)
Net decrease in cash and cash equivalents	<u>\$ (1,531)</u>	<u>\$ (1,389)</u>

### Operating activities

Net cash used in operating activities for the three months ended March 31, 2020 was \$1.5 million compared to \$3.3 million in the same period of 2019. Overall, our operational cash use decreased during the three months ended March 31, 2020 as compared to the same period in 2019, due primarily to timing of cash payments made for operating assets and liabilities.

### Investing activities

Net cash used in investing activities for the three months ended March 31, 2020 and 2019 were related to purchases of fixed assets.

### Financing Activities

Net cash used for financing activities for the three months ended March 31, 2020 was related to cash payments for our finance leases. Net cash provided by financing activities for the three months ended March 31, 2019 was primarily related to sales of common stock of \$1.9 million, net of costs from sale primarily through our 2018 Rights Offering and ATM program.

### **Critical Accounting Policies and Significant Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of our assets, liabilities, revenues and expenses, and that affect our recognition and disclosure of contingent assets and liabilities.

While our estimates are based on assumptions we consider reasonable at the time they were made, our actual results may differ from our estimates, perhaps significantly. If results differ materially from our estimates, we will make adjustments to our financial statements prospectively as we become aware of the necessity for an adjustment.

Goodwill is reviewed for impairment annually or more frequently if indicators of impairment exist. We perform our impairment test annually during the fourth quarter. The Company operates in a single operating segment and reporting unit. We monitor the fluctuations in our share price and have experienced significant volatility during the year.

We estimate the fair value of liability classified warrants using an option pricing model. Following the authoritative accounting guidance, warrants with variable exercise price features or with potential cash settlement outside control of the Company are accounted for as liabilities, with changes in the fair value included in operating expenses.

We believe it is important for you to understand our most critical accounting policies. Our critical accounting policies and estimates are discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and there have been no material changes during the three months ended March 30, 2020.

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

Not applicable.

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

#### *Evaluation of Disclosure Controls and Procedures*

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our reports that we file or furnish pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer and principal accounting officer), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer and principal accounting officer), of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective at the reasonable assurance level as of the end of the period covered by this Quarterly Report.



## *Changes in Internal Control over Financial Reporting*

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we have been involved in routine litigation incidental to the conduct of our business. As of March 31, 2020, we were not a party to any material legal proceeding.

### **Item 1A. Risk Factors**

For a discussion of certain factors that could materially affect our business, financial condition, and operating results or that could cause actual results to differ materially from the results described in or implied by the forward-looking statements in this Quarterly Report on Form 10-Q, in addition to the information in the section entitled “Cautionary Statement Regarding Forward-Looking Statements,” you should carefully review and consider the information under “Part I, Item 1A- Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, as well as the risk factors set forth below. The risk factors below are in addition to and supplement (and with respect to certain matters, update) the risk factors discussed in our Annual Report on Form 10-K. Other than as set forth below, there have been no material changes to the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2019.

### **Risks Related to our Business and Industry**

#### ***The COVID-19 pandemic could adversely affect our business, results of operations, and financial condition.***

The effects of the COVID-19 pandemic on our business continue to evolve and are difficult to predict. To date, the COVID-19 pandemic has significantly and negatively impacted the global economy, and the magnitude, severity, and duration of this impact is unclear and difficult to assess. To combat the spread of COVID-19, the United States and other locations in which we operate have imposed measures such as quarantines and “shelter-in-place” orders that are restricting business operations and travel and requiring individuals to work from home (“WFH”), which has impacted all aspects of our business as well as those of the third-parties with which we collaborate or upon which we rely for certain supplies and services. The continuation of WFH and other restrictions for an extended period of time may negatively impact our productivity, research and development, operations, preclinical studies and clinical trials, business and financial results. Among other things, the COVID-19 pandemic may result in:

- a global economic recession or depression that could significantly and negatively impact our business or those of third parties upon which we rely for services and supplies;
- constraints on our ability to conduct our operations and our preclinical studies and clinical trials;
- constraints on our ability partner with other companies to commercialize our product candidates;
- constraints on our business strategy is to aggressively develop our Nanomedicine platforms;
- reduced productivity in our business operations, research and development, marketing, and other activities;
- disruptions to our third-party manufacturers and suppliers;
- increased costs resulting from WFH or from our efforts to mitigate the impact of COVID-19; and
- reduced access to financing to fund our operations due to a deterioration of credit and financial markets.

The continued disruption of the COVID-19 pandemic may negatively and materially impact our operating and financial operating results, including our cash flows. The resumption of normal business operations may be delayed and a resurgence of COVID-19 could occur resulting in continued disruption to us or third parties with whom we do business. As a result, the effects of the COVID-19 pandemic could have a material adverse impact on our business, results of operations and financial condition for the remainder of 2020 and beyond.

#### ***A significant or prolonged downturn in the worldwide economy may harm our business.***

The COVID-19 pandemic has caused a significant downturn in the worldwide economy, the severity, magnitude, and duration of which is uncertain. In addition, the deterioration in credit markets and financial markets could limit our ability to obtain external financing to fund our operations and capital expenditures. The downturn in the worldwide economy could have a material adverse effect on our business, results of operations, or financial condition.

***We will need substantial additional funding to develop our products and conduct our future operations, and the impact of the COVID-19 pandemic on the financial markets will likely negatively impact our ability to raise additional financing. If we are***

***unable to obtain the funds necessary to do so, we may be required to delay, scale back or eliminate our product development activities or may be unable to continue our business operations.***

We do not currently believe that our cash resources will be sufficient to fund the development and marketing efforts required to reach profitability without raising additional capital in the near future. We will also continue to require substantial additional capital to continue our clinical development and potential commercialization activities. As a result, we have had, and we will continue to have, an ongoing need to raise additional capital from outside sources to continue funding our operations, including our continuing substantial research and development expenses. The amount and timing of our future funding requirements will depend on many factors, including the pace and results of our clinical development efforts.

We have secured capital historically from grant revenues, collaboration proceeds, and debt and equity offerings. To obtain additional capital, we may pursue debt and/or equity financing arrangements, strategic corporate partnerships, state and federal development programs, licensing arrangements, and sales of assets or debt or equity securities. We cannot be certain that additional capital will be available on terms acceptable to us, or at all. If we are unsuccessful in our efforts to raise any such additional capital, we may be required to take actions that could materially and adversely harm our business, including a possible significant reduction in our research, development and administrative operations (including reduction of our employee base), the surrender of our rights to some technologies or product opportunities, delay of our clinical trials or regulatory and reimbursement efforts, or curtailment or cessation of operations.

Our stock price has been negatively impacted in part by the significant volatility and downturn in the financial markets due to the COVID-19 pandemic. This in turn will likely negatively impact our ability to raise funds through equity-related financings. Further, the global economic downturn and deterioration of the credit and financial markets may impair our ability to obtain additional financing through other means, such as strategic agreements or debt financing. Further any debt financing may contain restrictive covenants which limit our operating flexibility and any equity financing will likely result in additional and possibly significant dilution to existing stockholders. Failure to raise sufficient capital, as and when needed, would have a significant and negative impact on our financial condition and our ability to develop our product candidates.

***The disruption and volatility in the global capital markets may impact our ability to obtain additional debt financings and may limit our ability to modify our existing debt facilities and increase the risk of non-compliance with covenants under our existing loan agreement.***

Under the Loan and Security Agreement, Oxford made a term loan to us in an aggregate principal amount of \$17.7 million (the “Term Loan”) subject to the terms and conditions set forth therein. The outstanding principal balance of the Term Loan was \$4.3 million subsequent to a repayment of \$5.0 million on April 1, 2020 pursuant to the Ninth Amendment to the Loan and Security Agreement.

The Term Loan accrues interest at a floating rate equal to the three-month LIBOR rate (with a floor of 1.00%) plus 7.95% per annum. On March 29, 2020, we and Oxford amended the Loan and Security Agreement to extend the interest-only period. Beginning May 1, 2021, we will be required to make payments of principal and accrued interest in equal monthly installments to amortize the Term Loan through June 1, 2024, the new maturity date.

As security for our obligations under the Loan and Security Agreement, we granted a security interest in substantially all of our existing and after-acquired assets, excluding our intellectual property assets, subject to certain exceptions set forth in the Loan and Security Agreement. If we are unable to discharge these obligations, Oxford could foreclose on these assets, which would, at a minimum, have a severe material adverse effect on our ability to operate our business.

Our indebtedness to Oxford could adversely affect our operations and liquidity, by, among other things:

- causing us to use a larger portion of our cash flow to fund interest and principal payments, reducing the availability of cash to fund working capital and capital expenditures and other business activities;
- making it more difficult for us to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- limiting our ability to borrow additional monies in the future to fund working capital and capital expenditures and for other general corporate purposes.

The Loan and Security Agreement, as amended, requires us to maintain at least \$2.0 million in unrestricted cash and/or cash equivalents and includes certain reporting and other covenants, that, among other things, restrict our ability to (i) dispose of assets, (ii) change the business we conduct, (iii) make acquisitions, (iv) engage in mergers or consolidations, (v) incur additional indebtedness, (vi) create liens on assets, (vii) maintain any collateral account, (viii) pay dividends, (ix) make investments, loans or advances, (x) engage in certain transactions with affiliates, and (xi) prepay certain other indebtedness or amend other financing arrangements. If we fail to comply with any of these covenants or restrictions, such failure may result in an event of default, which if not cured or waived, could result in Oxford causing the outstanding loan amount to become immediately due and payable. If the maturity of our indebtedness is accelerated, we may not have, or be able to timely procure, sufficient cash resources to satisfy our debt obligations, and such acceleration would adversely affect our business and financial condition.

The COVID-19 pandemic has severely impacted the global economic activity and caused significant volatility and negative pressure in the financial markets. This volatility and downturn may affect our business, liquidity position, and financial results. This in turn may negatively impact our ability to remain in compliance with the financial and operating covenants under the Loan and Security Agreement and may restrict our ability to obtain covenant waivers, restructure or amend the terms of our existing debt, or obtain additional debt financing. If the maturity of our indebtedness is accelerated or if we are unable to amend the terms of obtain any necessary waivers under our debt facilities or obtain additional debt or other financing, it would materially and adversely affect our liquidity position and ability to fund our operations. This in turn would materially harm our business and financial conditions.

***Our operating results have been and will likely continue to be volatile.***

Our prospects must be evaluated in light of the risks and difficulties frequently encountered by emerging companies and particularly by such companies in rapidly evolving and technologically advanced biotech, pharmaceutical and medical device fields. Our visibility as to our future operating results and our clinical development timeline may be further limited by the impact of the ongoing COVID-19 pandemic. From time to time, we have tried to update our investors' expectations as to our operating results by periodically announcing financial guidance. However, we have in the past been forced to revise or withdraw such guidance due to lack of visibility and predictability of product demand. If we revise or withdraw guidance or any timelines we may give with respect to our clinical trials, it could materially harm our reputation and the market's perception of us, and could cause our stock price to decline.

***We rely on third parties to conduct our clinical trials, manufacture our product candidates, and perform other services. If these parties are not able to successfully perform due to the impact of the COVID-19 pandemic or otherwise, we may not be able to successfully complete clinical development, obtain regulatory approval or commercialize our product candidates and our business could be substantially harmed.***

We rely on third parties in the performance of many of the clinical trial functions, including contract research organizations, that help execute our clinical trials, the hospitals and clinics at which our trials are conducted, the clinical investigators at the trial sites, and other third-party service providers. Failure of any third-party service provider to adhere to applicable trial protocols, laws and regulations in the conduct of one of our clinical trials could adversely affect the conduct and results of such trial (including possible data integrity issues), which could seriously harm our business. The COVID-19 pandemic has placed strain on hospitals and clinics, contract research organizations, and other providers of clinical and medical supplies and equipment. This in turn could impact the ability of third parties such as hospitals to support our clinical trials or perform other services in support of our clinical programs. In addition, third parties may not prioritize our clinical trials relative to those of other customers due to resource or other constraints as a result of the COVID-19 pandemic. We may experience enrollment at a slower pace at certain of our clinical trial sites than initially anticipated. Further, our clinical trial sites may be required to suspend enrollment due to travel restrictions, workplace safety concerns, quarantine, facility closures, and other governmental restrictions. As a result, results from our clinical trials may be delayed, which in turn would have a material adverse impact on our clinical trial plans and timelines and impair our ability to successfully complete clinical development, obtain regulatory approval, or commercialize our product candidates. This in turn would substantially harm our business and operations.

***We rely on third-party suppliers for certain components and raw materials and our development and commercialization of any of our product candidates could be stopped, delayed or made less profitable if those third parties are unable to provide us with sufficient quantities of such components or raw materials or are unable to do so at acceptable quality levels or prices due to the COVID-19 pandemic or otherwise.***

We acquire some of our components and other raw materials from sole source suppliers. If there is an interruption in supply of our raw materials from a sole source supplier, there can be no assurance that we will be able to obtain adequate quantities of the raw materials within a reasonable time or at commercially reasonable prices. Interruptions in supplies due to pricing, timing, availability, the COVID-19 pandemic, or other issues with our sole source suppliers could have a negative impact on our ability to manufacture products and product candidates, which in turn could adversely affect the development and commercialization of our Nanomedicine product candidates and cause us to potentially breach our supply or other obligations under our agreements with certain other counterparties.

The COVID-19 pandemic has placed a significant strain on the pharmaceutical and medical industries, manufacturers of clinical supplies, and healthcare-related supplies and resources in general. The impact of the COVID-19 pandemic has exacerbated the risks to which we are subject due to our reliance on third-party (and in some cases, sole source) suppliers. Additionally, our suppliers may experience operational difficulties and resource constraints due to the impact of the COVID-19 pandemic. If our third-party suppliers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide our product candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the procurement of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely.

***Due to our limited number of employees, our operations could be significantly and disproportionately impacted if any of our personnel were to test positive for COVID-19.***

We maintain a very small executive team and have a limited number of employees. The manufacturing of our oncology drug assets is a highly complex process that requires significant experience and know-how. We also depend on the personal efforts and abilities of the principal members of our senior management and scientific staff to provide strategic direction, manage our operations, and maintain a cohesive and stable environment. In particular, we are highly dependent on our executive officers, especially Marc Hedrick, M.D., our Chief Executive Officer. If any of our personnel were to test positive for COVID-19, it would likely significantly impair our operations. The loss of services of any of our personnel, including Dr. Hedrick, particularly for an extended period due to COVID-19 or otherwise, would likely result in product development delays or the failure of our collaborations with current and future collaborators, which, in turn, may impede or delay our ability to develop and commercialize products and generate revenues.

***We may face business disruption and related risks resulting from the COVID-19 pandemic and President Trump's invocation of the Defense Production Act, either of which could have a material adverse effect on our business.***

Our development programs could be disrupted and materially adversely affected by the COVID-19 pandemic. As a result of measures imposed by the governments in affected regions, many commercial activities, businesses and schools have been suspended as part of quarantines and other measures intended to contain this outbreak. The spread of COVID-19 worldwide has resulted in the International Health Regulations Emergency Committee of the World Health Organization declaring the outbreak of COVID-19 as a “public health emergency of international concern,” and the World Health Organization characterizing COVID-19 as a pandemic. International stock markets have also been significantly impacted and their downturn and volatility reflect the uncertainty associated with the potential economic impact of the outbreak. The significant declines and subsequent volatility in the Dow Industrial Average since the end of February 2020 has been largely attributed to the effects of the COVID-19 pandemic. In response to the COVID-19 pandemic, President Trump invoked the Defense Production Act, codified at 50 U.S.C. §§ 4501 et seq. (the “Defense Production Act”). Pursuant to the Defense Production Act the federal government may, among other things, require domestic industries to provide essential goods and services needed for the national defense. While we have not experienced any significant impact on our business as a result of the COVID-19 pandemic, we continue to assess the potential impact COVID-19 and the invocation of the Defense Production Act may have on our ability to effectively conduct our commercialization efforts and development programs and otherwise conduct our business operations as planned. There can be no assurance that we will not be further impacted by the COVID-19 pandemic or by any action taken by the federal government under the Defense Production Act, including downturns in business sentiment generally or in our industry and business in particular.

## Risks Related to our Common Stock

***The market price of our common stock is volatile and may continue to fluctuate significantly, which could result in substantial losses for stockholders.***

The market price of our common stock has been, and may continue to be, subject to significant fluctuations. Among the factors that may cause the market price of our common stock to fluctuate are the risks described in this “Risk Factors” section and other factors, including:

- fluctuations in our operating results or the operating results of our competitors;
- the outcome of clinical trials involving the use of our products, including our sponsored trials;
- changes in estimates of our financial results or recommendations by securities analysts;
- variance in our financial performance from the expectations of securities analysts;
- changes in the estimates of the future size and growth rate of our markets;
- changes in accounting principles or changes in interpretations of existing principles, which could affect our financial results;
- conditions and trends in the markets we currently serve or which we intend to target with our product candidates;
- changes in general economic, industry and market conditions;
- the impact of the COVID-19 impact, including the magnitude, severity, duration, and uncertainty of the downturn in the domestic and global economies and financial markets;
- success of competitive products and services;
- changes in market valuations or earnings of our competitors;
- announcements of significant new products, contracts, acquisitions or strategic alliances by us or our competitors;
- our continuing ability to list our securities on an established market or exchange;
- the timing and outcome of regulatory reviews and approvals of our products;
- the commencement or outcome of litigation involving our company, our general industry or both;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- actual or expected sales of our common stock by the holders of our common stock; and
- the trading volume of our common stock.

In addition, the financial markets may experience a loss of investor confidence or otherwise experience continued volatility and deterioration due to the COVID-19 pandemic. A loss of investor confidence may result in extreme price and volume fluctuations in our common stock that are unrelated or disproportionate to the operating performance of our business, our financial condition or results of operations, which may materially harm the market price of our common stock and result in substantial losses for stockholders.

***We could be delisted from Nasdaq, which would materially harm the liquidity of our stock and our ability to raise capital.***

The Nasdaq Stock Market has experienced significant volatility and declines due to the COVID-19 pandemic, which has also impacted our stock price. In addition, we have a limited public float and our stock price has experienced a significant decline since our corporate restructuring in 2019. Between January 1, 2020 and April 30, 2020, our closing stock price has fluctuated from a high of \$2.85 at January 10, 2020 to a low of \$1.05 at March 23, 2020. In addition, Nasdaq requires listing issuers to comply with certain standards in order to remain listed on its exchange.

On August 19, 2019, we received a written notice from Nasdaq staff indicating that, based on our stockholders’ deficit of \$6.3 million as of June 30, 2019, we no longer meet the alternative compliance standards of market value of listed securities or net income from continuing operations for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1), which requires listed companies to maintain stockholders’ equity of at least \$2.5 million. Based on our stockholders’ equity of \$85,000 as of March 31, 2020, we do not meet the minimum stockholders’ equity requirement for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1). However, between April 17 and April 21, 2020 and as disclosed in the Company’s 8-K filing on April 23, 2020, the Company entered in revised warrant agreements with the holders of 3,372,000 series U warrants. In return for reducing the strike price of the warrants to \$2.25, the warrant holders agreed to amend the settlement provisions upon fundamental transactions such that the warrants would meet the requirements for equity classification under authoritative accounting guidance. If this transaction had occurred on March 31, 2020, the warrant liability would have been reduced by \$4,952,000, resulting in a warrant liability of \$222,000 and stockholders’ equity of \$5,037,000. As a result, the Company will have met the Nasdaq minimum equity requirement under Nasdaq Listing Rule 5550(b)(1). However, to the extent that we are unable to resolve any listing deficiency, there is a risk that our common stock may be delisted from Nasdaq, which would adversely impact liquidity of our common stock and potentially result in even lower bid prices for our common stock.

If, for any reason, Nasdaq should delist our securities from trading on its exchange and we are unable to obtain listing on another reputable national securities exchange, a reduction in some or all of the following may occur, each of which could materially adversely affect our stockholders:

- the liquidity and marketability of our common stock;
- the market price of our common stock;
- our ability to obtain financing for the continuation of our operations;
- the number of institutional and general investors that will consider investing in our common stock;
- the number of market makers in our common stock;
- the availability of information concerning the trading prices and volume of our common stock; and
- the number of broker-dealers willing to execute trades in shares of our common stock.

In addition, if we cease to be eligible to trade on Nasdaq, we may have to pursue trading on a less recognized or accepted market, such as the OTC Bulletin Board or the “pink sheets,” our stock may be traded as a “penny stock” which would make transactions in our stock would be more difficult and cumbersome, and we may be unable to access capital on favorable terms or at all, as companies trading on alternative markets may be viewed as less attractive investments with higher associated risks, such that existing or prospective institutional investors may be less interested in, or prohibited from, investing in our common stock. This may also cause the market price of our common stock to further decline.

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

We did not issue or sell any unregistered equity securities during the quarter ended March 31, 2020. However, on May 7, 2020, in accordance with the NanoTx License Agreement (as previously disclosed in our Current Report on Form 8-K filed March 30, 2020), we issued 230,769 shares of our common stock to NanoTx pursuant to a private placement exemption under Regulation D of the Securities Act of 1933.

## **Item 5. Other Information**

On May 13, 2020, we entered into an amended and restated employment agreement with our Chief Executive Officer, Marc Hedrick, which revised the terms set forth in the employment agreement between Mr. Hedrick and the Company, dated as of March 11, 2020, solely to provide that any annual bonus paid to Mr. Hedrick will be based upon his performance during the year for which the bonus is being paid, in light of the corporate goals and objectives established by the compensation committee of the Board.

In addition, on May 13, 2020, we entered into an amended and restated employment agreement with our Chief Financial Officer, Andrew Sims which revised the terms set forth in the employment agreement between Mr. Sims and the Company, dated as of March 11, 2020, solely to provide that any annual bonus paid to Mr. Sims will be based upon his performance during the year for which the bonus is being paid, in light of the corporate goals and objectives established by the compensation committee of the Board.

Item 6. Exhibits

EXHIBIT INDEX

PLUS THERAPEUTICS, INC.

Exhibit Number	Exhibit Title	Filed with this Form 10-Q	Incorporated by Reference		
			Form	File No.	Date Filed
3.1	<a href="#">Composite Certificate of Incorporation.</a>		10-K	001-34375	03/11/2016
				Exhibit 3.1	
3.2	<a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation.</a>		8-K	001-34375	05/10/2016
				Exhibit 3.1	
3.3	<a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation.</a>		8-K	001-34375	05/23/2018
				Exhibit 3.1	
3.4	<a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation.</a>		8-K	001-34375	07/29/2019
				Exhibit 3.1	
3.5	<a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation.</a>		8-K	001-34375	08/06/2019
				Exhibit 3.1	
3.6	<a href="#">Certificate of Designation of Preferences, Rights and Limitations of Series A 3.6% Convertible Preferred Stock.</a>		8-K	001-34375	10/08/2014
				Exhibit 3.1	
3.7	<a href="#">Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock.</a>		8-K	001-34375	11/28/2017
				Exhibit 3.1	
3.8	<a href="#">Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock.</a>		8-K	001-34375	07/25/2018
				Exhibit 3.1	
3.9	<a href="#">Amended and Restated Bylaws of Plus Therapeutics, Inc.</a>		8-K	001-34375	07/29/2019
				Exhibit 3.2	
4.1	<a href="#">Form of Common Stock Certificate.</a>		10-K	001-34375	03/09/2018
				Exhibit 4.33	
4.2	<a href="#">Form of Series S Warrant.</a>		S-1/A	333-219967	10/03/2017
				Exhibit 4.27	
4.3	<a href="#">Series S Warrant Agent Agreement between Plus Therapeutics, Inc. and Broadridge Corporation Issuer Solutions, Inc.</a>		S-1/A	333-219967	10/03/2017
				Exhibit 4.32	
4.4	<a href="#">Form of Series T Warrant.</a>		POS AM	333-224502	07/09/2018
				Exhibit 4.28	
4.5	<a href="#">Form of Series T Warrant Agreement between Plus Therapeutics, Inc. and Broadridge Corporation Issuer Solutions, Inc.</a>		POS AM	333-224502	07/09/2018
				Exhibit 4.36	
4.6	<a href="#">Form of Series U Warrant.</a>		S-1/A	333-229485	09/16/2019
				Exhibit 4.37	
4.7	<a href="#">Form of Warrant Amendment Agreement</a>		8-K	001-34375	04/23/2020
				Exhibit 4.1	
10.1	<a href="#">Second Amendment to the Plus Therapeutics, Inc. 2015 New Employee Incentive Plan</a>		10-K	001-34375	03/30/2020
				Exhibit 10.25	
10.2**	<a href="#">Patent and Know-How License Agreement, dated March 29, 2020, between Plus Therapeutics, Inc. and NanoTx, Corp.</a>		8-K	001-34375	03/30/2020
				Exhibit 10.1	
10.3**	<a href="#">Ninth Amendment to the Loan and Security Agreement, dated March 29, 2020, between Plus Therapeutics, Inc. and Oxford Finance LLC.</a>		8-K	001-34375	03/30/2020
				Exhibit 10.2	
10.4#	<a href="#">Employment Agreement between Marc Hedrick and Plus Therapeutics, Inc.</a>			001-34375	
			8-K	Exhibit 10.1	03/12/2020

10.5#	<a href="#">Employment Agreement between Andrew Sims and Plus Therapeutics, Inc.</a>		8-K	001-34375 Exhibit 10.2	03/12/2020
10.6#	<a href="#">Amended and Restated Employment Agreement between Marc Hedrick and Plus Therapeutics, Inc.</a>	X			
10.7#	<a href="#">Amended and Restated Employment Agreement between Andrew Sims and Plus Therapeutics, Inc.</a>	X			
10.8#	<a href="#">Form of Indemnification Agreement.</a>		8-K	001-34375 Exhibit 10.1	02/06/2020
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X			
31.2	<a href="#">Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X			
32.1*	<a href="#">Certifications Pursuant to 18 U.S.C. Section 1350/ Securities Exchange Act Rule 13a-14(b), as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002</a>	X			
101.INS	XBRL Instance Document				
101.SCH	XBRL Schema Document				
101.CAL	XBRL Calculation Linkbase Document				
101.DEF	XBRL Definition Linkbase Document				
101.LAB	XBRL Label Linkbase Document				
101.PRE	XBRL Presentation Linkbase Document				

# Indicates management contract or compensator plan or arrangement.

\* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 hereto is deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933 except to the extent that the Company specifically incorporates it by reference.

\*\* Portions of the exhibit (indicated by asterisks) have been omitted.



**SIGNATURES**

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

**PLUS THERAPEUTICS, INC.**

Dated: May 14, 2020

By: /s/ Marc H. Hedrick  
Marc H. Hedrick  
*President & Chief Executive Officer (Duly Authorized Officer and Principal Executive Officer)*

Dated: May 14, 2020

By: /s/ Andrew Sims  
Andrew Sims  
*Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer and Principal Accounting Officer)*

## AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “**Agreement**”) is entered into by and between Plus Therapeutics, Inc., a Delaware corporation (the “**Company**”), and Marc H. Hedrick, M.D. (“**Executive**”), and shall be effective as of May 13, 2020 (the “**Effective Date**”).

WHEREAS, the Company and the Executive entered into an employment agreement on March 11, 2020 (the “**Employment Agreement**”);

WHEREAS, the Company desires to amend the terms of the Employment Agreement to provide that any bonus paid to the Executive shall be based on the Executive’s performance during the year for which the bonus is being paid as provided in this Agreement; and

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree to amend and restate the Employment Agreement as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

(a) The “**Acquisition Agreement Date**” means the first day on which the Company and the acquirer formally or informally agree on the terms of a transaction which, if consummated, would constitute a Change in Control. Informal agreement need not be legally binding, and can be evidenced by such things as a letter of intent (even if legally non-binding) or taking steps, in reliance on the existence of an informal agreement, in contemplation of the consummation of the Change in Control.

(b) “**Board**” means the Board of Directors of the Company.

(c) “**Cause**” means any of the following:

(i) Executive’s extended disability (defined as the inability to perform, with or without reasonable accommodation, the essential functions of Executive’s position for any one hundred twenty (120) days within any continuous period of one hundred fifty (150) days by reason of physical or mental illness or incapacity);

(ii) Executive’s repudiation of his employment or of this Agreement;

(iii) Executive’s conviction of (or plea of no contest with respect to) a felony, or of a misdemeanor involving moral turpitude, fraud, misappropriation or embezzlement;

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(iv) Executive's demonstrable and documented fraud, misappropriation or embezzlement against the Company;

(v) Intentional, reckless or grossly negligent action which causes material harm to the Company, including any misappropriation or unauthorized use of the Company's property or improper use or disclosure of confidential information (but excluding any good faith exercise of business judgment);

(vi) Intentional failure to substantially perform material employment duties or directives (other than following resignation for Good Reason as defined below) if such failure has continued for fifteen (15) days after Executive has been notified in writing by the Company of the nature of the failure to perform (it being understood that the performance of material duties or directives is satisfied if Executive has reasonable attendance and makes good faith business efforts to perform his duties on behalf of the Company. The Company may not terminate Executive for Cause based solely upon the operating performance of the Company); or

(vii) Chronic absence from work for reasons other than illness, permitted vacation or resignation for Good Reason as defined below;

provided, however, that prior to the determination that "Cause" under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such "Cause" exists, (B) other than with respect to clause (vi) above which specifies the applicable period of time for Executive to remedy his or her breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive's employment hereunder for such "Cause" and (D) make any decision that such "Cause" exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) "**Change in Control**" shall have the meaning given to such term in clauses (i) and (ii) of Section 2.1(h) of the Company's 2014 Equity Incentive Plan, as in effect on the date hereof; provided that in no event shall an issuance of securities by the Company for financing purposes be deemed a Change in Control for purposes of this Agreement. Notwithstanding the foregoing, to the extent required by Section 409A of the Code, if a Change in Control would give rise to a payment or benefit event with respect to any payment or benefit hereunder that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or benefit, to the extent required by Section 409A of the Code.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) “**Good Reason**” means the occurrence of any of the following events or conditions without Executive’s written consent:

(i) The Company’s material breach of its obligation to pay Executive the compensation earned for any past service (at the rate which had been stated to be in effect for such period of service);

(ii) a change in Executive’s position with the Company (or successor, affiliate, parent or subsidiary of the Company employing him) which materially reduces Executive’s duties and responsibilities as to the business conducted by the Company;

(iii) a reduction in Executive’s level of compensation (including base salary, fringe benefits (except as such reduction applies to all employees generally) and Target Bonus, but excluding stock-based compensation) by more than fifteen percent (15%); or

(iv) a relocation of Executive’s place of employment by more than thirty (30) miles.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive’s written consent within thirty (30) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive’s termination of employment by reason of resignation from employment with the Company for Good Reason shall be an “Involuntary Termination” only if such termination of employment occurs within ninety (90) days following the expiration of the foregoing thirty (30) day cure period. Executive’s right to terminate employment for Good Reason shall not be affected by Executive’s incapacity due to physical or mental illness. Executive’s continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason herein; provided, that the foregoing time periods shall be complied with.

(f) “**Involuntary Termination**” means (i) Executive’s termination of employment by reason of Executive’s discharge by the Company other than for Cause, or (ii) Executive’s termination of employment by reason of Executive’s resignation of employment with the Company for Good Reason. Executive’s termination of employment by reason of Executive’s death or discharge by the Company following Executive’s extended disability (as defined in Section 1(c) above) shall not constitute an Involuntary Termination.

(h) “**Stock Awards**” means all stock options, restricted stock and such other awards granted pursuant to the Company’s stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as President and Chief Executive Officer of the Company. In the performance of such duties, Executive shall report directly to the Board and shall be subject to the direction of the Board and to such limits upon Executive’s authority as the Board may from time to time impose. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without

any additional salary or compensation, if so requested by the Board. Executive's primary place of work shall be the Company's offices in Austin, TX, or such other locations designated by the Board from time to time. Executive shall also render services at such other places within or outside the United States as the Board may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to employees of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall be employed by the Company on a full-time basis. Executive shall at all times faithfully, industriously and to the best of his or her ability, experience and talent perform to the satisfaction of the Board all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his or her productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(a), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his or her duties to the Company, as determined in good faith by the Board. Executive agrees that he or she will not join any boards, other than community and civic boards (which do not interfere with his or her duties to the Company), without the prior approval of the Board.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$510,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Board or its designee.

(b) Bonus. Executive shall participate in any bonus plan that the Board or its designee may approve for similarly situated employees of the Company. Executive's target bonus under the Company's annual bonus plan shall be fifty-five percent (55%) of Executive's base salary (the "**Target Bonus**") and any bonus paid to the Executive shall be based upon Executive's performance during the year for which the bonus is being paid, in light of the corporate goals and objectives established by the compensation committee of the Board. Except as expressly provided in this Agreement or in the terms of the annual bonus plan, and subject to Section 4(b)(ii) below, Executive's receipt of an annual bonus shall be conditioned on Executive's continued employment with the Company on the date such annual bonus is paid.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to similarly-situated employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to similarly situated employees and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his or her duties

hereunder, subject to such policies as the Company may from time to time establish and Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off (“*PTO*”) each year as provided from time to time under the Company’s PTO policy and as otherwise provided for similarly situated employees.

(f) Stock Awards. Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to similarly situated employees of the Company. Except as otherwise provided in this Agreement, Executive’s participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of Executive’s Involuntary Termination, the vesting and/or exercisability of each of Executive’s outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive’s termination of employment as to the number of Stock Awards that would vest over the twelve (12) month period following the date of Executive’s termination of employment had Executive remained continuously employed by the Company during such period.

(ii) In the event of Executive’s Involuntary Termination during the period commencing on the Acquisition Agreement Date and ending on the closing of the resulting Change in Control, in addition to any accelerated vesting and/or exercisability to which Executive may be entitled pursuant to clause (i) above, the vesting and/or exercisability of any remaining outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive’s Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive’s legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive’s Separation from Service, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(ii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iii) In the event of a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of such Change in Control, provided that Executive remains in the employ or service of the Company as of the closing of such Change in Control.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his or her fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other amounts or benefits to which Executive is entitled under any compensation, retirement or benefit plan or practice of the Company at the time of termination in accordance with the terms of such plans or practices, including, without limitation, any continuation of benefits required by COBRA or applicable law;

(ii) Executive shall be entitled to receive severance pay in an amount equal to the sum of (A) twelve (12) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, plus (B) an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, plus (C) to the extent such Involuntary Termination occurs prior to the payment to Executive of his annual bonus for the calendar year preceding the date of such Involuntary Termination, the amount of his annual bonus for such completed calendar year (which amount for 2020 shall in no event be less than his Target Bonus for such year), plus (D) an amount equal to twelve (12) multiplied by the monthly premium Executive is required to pay for continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for Executive and his or her eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination), which amounts will be payable in a lump sum within ten (10) days following the effective date of Executive's Release;

(iii) the vesting acceleration provided under Section 3(g) above; and

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, in the event Executive's Involuntary Termination occurs (A) during the period commencing on the Acquisition Agreement Date and ending on the closing of the resulting Change in Control, or (B) within twelve (12) months following a Change in Control, (1) the references to twelve (12) months in clause (ii) above shall be increased to eighteen (18) months, and (2) Executive's monthly base salary for

purposes of clause (ii)(A) above shall be equal to the greater of (x) Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, or (y) Executive's monthly base salary as of the Acquisition Agreement Date, which amounts, to the extent in excess of the amounts to be paid to Executive as a result of his Involuntary Termination pursuant to clause (ii) above, shall be payable in a lump sum within ten (10) days following the later of (A) the effective date of Executive's Release and (B) the date of the Change in Control.

(c) Termination for Cause or Voluntary Resignation Without Good Reason. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause, Executive's resignation without Good Reason, or Executive's death or termination of employment by reason of discharge by the Company following Executive's extended disability (as defined in Section 1(c) above), the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive (i) Executive's fully earned but unpaid base salary, through the date of termination at the rate then in effect, (ii) all accrued but unused PTO, and (iii) all other amounts or benefits to which Executive is entitled under any compensation, retirement or benefit plan or practice of the Company at the time of termination in accordance with the terms of such plans or practices, including, without limitation, any continuation of benefits required by COBRA or applicable law. In addition, all vesting of Executive's unvested Stock Awards previously granted to him or her by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Section 4(b) above, Executive shall execute and not revoke a general release of all claims in favor of the Company (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the thirty (30) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he or she is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder, or any similar statute.

(f) No Mitigation. Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any



compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his or her offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

5. Certain Covenants.

(a) Proprietary Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Employee Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(b) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity, the right to immediately cease all payments and benefits under Section 4(b) above.

(c) Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, "key-man" or other insurance covering Executive, in the name of the Company and at the Company's expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his or her work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for members of the Board and other executive officers.

7. Arbitration. Except as prohibited by law, any legal dispute between the Executive and the Company (or between the Executive and any affiliate of the Company, each of whom is hereby designated a third party beneficiary of this Agreement regarding arbitration) arising out of the Executive's employment or cessation of employment, or arising out of the Executive's directorship or resignation from his director position, or this Agreement (a "Dispute") will be resolved through binding arbitration in Dallas, Texas, under the rules and procedures of the Texas General Arbitration Act, Texas Civil Practices and Remedies Code, Section 171.001 et seq., and pursuant to Texas law. Nothing in this arbitration provision is intended to limit the Executive's right to file a charge with or obtain relief from the National Labor Relations Board. **THE PARTIES UNDERSTAND THAT BY AGREEING TO ARBITRATE DISPUTES THEY ARE WAIVING ANY RIGHT THEY MIGHT OTHERWISE HAVE TO A JURY TRIAL.** This arbitration provision is not intended to modify or limit substantive rights or the remedies available to the parties, including the right to seek interim relief, such as injunction or attachment, through judicial process, which shall not be deemed a waiver of the right to demand and obtain arbitration.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Employee Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof, and supersede all existing agreements between them concerning such subject matter, including, without limitation, any employment agreement or offer letter executed by the Company and Executive in effect prior to the Effective Date including that certain Agreement for Acceleration and/or Severance effective as of March 11, 2015, between the Company and the Executive and any previous employment agreement between the Company and Executive. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive’s termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party’s rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company’s personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of Texas applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof.

Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in Travis County, Texas, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Texas law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts; Facsimile or .pdf Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. This Agreement may be executed and delivered by facsimile or by .pdf file and upon such delivery the facsimile or .pdf signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and (iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the**

## meaning of Section 409A of the Code.

(ii) Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Section 4(b) are treated as non-qualified deferred compensation subject to Section 409A of the Code, then (A) no amount shall be payable pursuant to such section unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "**Separation from Service**"), (B) any such payment payable under Section 4(b)(ii) or (iv) shall be paid on the sixtieth (60th) day following (1) Executive's Separation from Service (with respect to payments pursuant to Section 4(b)(ii) or (2) the later of Executive's Separation from Service or the date of the Change in Control, as applicable (with respect to payments pursuant to Section 4(b)(iv)), and (C) if Executive, at the time of his or her Separation from Service, is determined by the Company to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code and the Company determines that delayed commencement of any portion of the termination benefits payable to Executive pursuant to this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code (any such delayed commencement, a "**Payment Delay**"), then such portion of Executive's termination benefits described in Section 4(b) shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's Separation from Service, (B) the date of Executive's death or (C) such earlier date as is permitted under Section 409A. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) deferral period, all payments deferred pursuant to a Payment Delay shall be paid in a lump sum to Executive within ten (10) days following such expiration, and any remaining payments due under the Agreement shall be paid as otherwise provided herein. The determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his or her Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(i) To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code.

(ii) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive's shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive's, and

Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**PLUS THERAPEUTICS, INC.**

By: /s/ Andrew Sims

Name: Andrew Sims

Title: Chief Financial Officer

**EXECUTIVE**

/s/ Marc H. Hedrick

Print Name: Marc H. Hedrick, M.D.

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**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this [\_\_\_\_\_] day of [\_\_\_\_], [\_\_\_\_], between Marc H. Hedrick, M.D. ("**Executive**"), and PlusTherapeutics, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of March 11, 2020 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself or herself and his or her executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such Company Releasees based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract,

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fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “**ADEA**”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; and the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;

(iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;

(iv) Claims for indemnity under the bylaws of the Company, as provided for by Texas law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;

(v) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission, the Texas Labor Code (including the Texas Payday Act), the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, the Texas Whistleblower Act, the Texas Commission on Human Rights Act or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his or her right to secure any damages for alleged discriminatory treatment;

(v) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission, the Texas Labor Code (including the Texas Payday Act), the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, the Texas Whistleblower Act, the Texas Commission on Human Rights Act or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his or her right to secure any damages for alleged discriminatory treatment;

(vi) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement; and

(vii) Claims Executive may have to vested or earned compensation and benefits.

(b) EXECUTIVE ACKNOWLEDGES THAT HE OR SHE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE OR SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him or her on the date indicated above and that Executive is entitled to have twenty-one (21) days' time in which to consider it. Executive further acknowledges that the Company has advised him or her that he or she is waiving her rights under the ADEA, and that Executive should consult with an attorney of his or her choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before twenty-one (21) days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his or her execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his or her execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is thirty (30) days following the date of Executive's termination of employment.

2. Nondisparagement. The parties agree that each will use its reasonable best efforts to not make any voluntary statements, written or verbal, or cause or encourage others to make any such statements that defame, disparage or in any way criticize the reputation, business practices or conduct of Executive (in the case of the Company) or the Company or any of the other Company Releasees (in the case of Executive).

3. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any

government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (a) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information (as defined in the Agreement) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (b) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (c) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if Executive files any document containing the Proprietary Information under seal, and does not disclose the Proprietary Information, except pursuant to court order.

4. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

5. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

6. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

7. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of Texas applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in Travis County, Texas, the Parties hereby waiving any claim or defense that such forum

is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Texas law.

8. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

9. Counterparts. This Release may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. This Release may be executed and delivered by facsimile or by .pdf file and upon such delivery the facsimile or .pdf signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(Signature Page Follows)

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE**            **PLUS THERAPEUTICS, INC.**

By:

Print Name: Marc H. Hedrick, M.D.

Print Name:

Title:

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “**Agreement**”) is entered into by and between Plus Therapeutics, Inc., a Delaware corporation (the “**Company**”), and Andrew Sims (“**Executive**”), and shall be effective as of May 13, 2020 (the “**Effective Date**”).

WHEREAS, the Company and the Executive entered into an employment agreement on March 11, 2020 (the “**Employment Agreement**”)

WHEREAS, the Company desires to amend the terms of the Employment Agreement to provide that any bonus paid to the Executive shall be based on the Executive’s performance during the year for which the bonus is being paid as provided in this Agreement; and

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree to amend and restate the Employment Agreement as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) The “**Acquisition Agreement Date**” means the first day on which the Company and the acquirer formally or informally agree on the terms of a transaction which, if consummated, would constitute a Change in Control. Informal agreement need not be legally binding, and can be evidenced by such things as a letter of intent (even if legally non-binding) or taking steps, in reliance on the existence of an informal agreement, in contemplation of the consummation of the Change in Control.

(b) “**Board**” means the Board of Directors of the Company.

(c) “**Cause**” means any of the following:

(i) Executive’s extended disability (defined as the inability to perform, with or without reasonable accommodation, the essential functions of Executive’s position for any one hundred twenty (120) days within any continuous period of one hundred fifty (150) days by reason of physical or mental illness or incapacity);

(ii) Executive’s repudiation of his employment or of this Agreement;

(iii) Executive’s conviction of (or plea of no contest with respect to) a felony, or of a misdemeanor involving moral turpitude, fraud, misappropriation or embezzlement;

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(iv) Executive's demonstrable and documented fraud, misappropriation or embezzlement against the Company;

(v) Intentional, reckless or grossly negligent action which causes material harm to the Company, including any misappropriation or unauthorized use of the Company's property or improper use or disclosure of confidential information (but excluding any good faith exercise of business judgment);

(vi) Intentional failure to substantially perform material employment duties or directives (other than following resignation for Good Reason as defined below) if such failure has continued for fifteen (15) days after Executive has been notified in writing by the Company of the nature of the failure to perform (it being understood that the performance of material duties or directives is satisfied if Executive has reasonable attendance and makes good faith business efforts to perform his duties on behalf of the Company. The Company may not terminate Executive for Cause based solely upon the operating performance of the Company); or

(vii) Chronic absence from work for reasons other than illness, permitted vacation or resignation for Good Reason as defined below;

provided, however, that prior to the determination that "Cause" under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such "Cause" exists, (B) other than with respect to clause (vi) above which specifies the applicable period of time for Executive to remedy his or her breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive's employment hereunder for such "Cause" and (D) make any decision that such "Cause" exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) "**Change in Control**" shall have the meaning given to such term in clauses (i) and (ii) of Section 2.1(h) of the Company's 2014 Equity Incentive Plan, as in effect on the date hereof; provided that in no event shall an issuance of securities by the Company for financing purposes be deemed a Change in Control for purposes of this Agreement. Notwithstanding the foregoing, to the extent required by Section 409A of the Code, if a Change in Control would give rise to a payment or benefit event with respect to any payment or benefit hereunder that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or benefit, to the extent required by Section 409A of the Code.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) "**Good Reason**" means the occurrence of any of the following events or conditions without Executive's written consent:

(i) The Company's material breach of its obligation to pay Executive the compensation earned for any past service (at the rate which had been stated to be in effect for such period of service);

(ii) a change in Executive's position with the Company (or successor, affiliate, parent or subsidiary of the Company employing him) which materially reduces Executive's duties and responsibilities as to the business conducted by the Company;

(iii) a reduction in Executive's level of compensation (including base salary, fringe benefits (except as such reduction applies to all employees generally) and Target Bonus, but excluding stock-based compensation) by more than fifteen percent (15%); or

(iv) a relocation of Executive's place of employment by more than thirty (30) miles.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive's written consent within thirty (30) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive's termination of employment by reason of resignation from employment with the Company for Good Reason shall be an "Involuntary Termination" only if such termination of employment occurs within ninety (90) days following the expiration of the foregoing thirty (30) day cure period. Executive's right to terminate employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason herein; provided, that the foregoing time periods shall be complied with.

(f) "**Involuntary Termination**" means (i) Executive's termination of employment by reason of Executive's discharge by the Company other than for Cause, or (ii) Executive's termination of employment by reason of Executive's resignation of employment with the Company for Good Reason. Executive's termination of employment by reason of Executive's death or discharge by the Company following Executive's extended disability (as defined in Section 1(c) above) shall not constitute an Involuntary Termination.

(h) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Vice President of Finance and Chief Financial Officer of the Company. In the performance of such duties, Executive shall report directly to the Chief Executive Officer (the "**CEO**") and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or



compensation, if so requested by the CEO. Executive's primary place of work shall be the Company's offices in Austin, TX, or such other locations designated by the CEO from time to time. Executive shall also render services at such other places within or outside the United States as the CEO may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to employees of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall be employed by the Company on a full time basis. Executive shall at all times faithfully, industriously and to the best of his or her ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his or her productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(a), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his or her duties to the Company, as determined in good faith by the CEO. Executive agrees that he or she will not join any boards, other than community and civic boards (which do not interfere with his or her duties to the Company), without the prior approval of the CEO.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$260,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Board or its designee.

(b) Bonus. Executive shall participate in any bonus plan that the Board or its designee may approve for similarly-situated employees of the Company. Executive's target bonus under the Company's annual bonus plan shall be thirty percent (30%) of Executive's base salary (the "**Target Bonus**") and any bonus paid to the Executive shall be based upon Executive's performance during the year for which the bonus is being paid, in light of the corporate goals and objectives established by the compensation committee of the Board. Except as expressly provided in this Agreement or in the terms of the annual bonus plan, and subject to Section 4(b)(ii) below, Executive's receipt of an annual bonus shall be conditioned on Executive's continued employment with the Company on the date such annual bonus is paid.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to similarly-situated employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to similarly-situated employees and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his or her duties hereunder, subject to such policies as the Company may from time to time establish and Executive

furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off (“*PTO*”) each year as provided from time to time under the Company’s PTO policy and as otherwise provided for similarly-situated employees.

(f) Stock Awards. Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to similarly-situated employees of the Company. Except as otherwise provided in this Agreement, Executive’s participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of Executive’s Involuntary Termination, the vesting and/or exercisability of each of Executive’s outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive’s termination of employment as to the number of Stock Awards that would vest over the nine (9) month period following the date of Executive’s termination of employment had Executive remained continuously employed by the Company during such period.

(ii) In the event of Executive’s Involuntary Termination during the period commencing on the Acquisition Agreement Date and ending on the closing of the resulting Change in Control, in addition to any accelerated vesting and/or exercisability to which Executive may be entitled pursuant to clause (i) above, the vesting and/or exercisability of any remaining outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive’s Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive’s legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive’s Separation from Service, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(ii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iii) In the event of a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of such Change in Control, provided that Executive remains in the employ or service of the Company as of the closing of such Change in Control.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his or her fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other amounts or benefits to which Executive is entitled under any compensation, retirement or benefit plan or practice of the Company at the time of termination in accordance with the terms of such plans or practices, including, without limitation, any continuation of benefits required by COBRA or applicable law;

(ii) Executive shall be entitled to receive severance pay in an amount equal to the sum of (A) twelve (12) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, plus (B) an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, plus (C) to the extent such Involuntary Termination occurs prior to the payment to Executive of his annual bonus for the calendar year preceding the date of such Involuntary Termination, the amount of his annual bonus for such completed calendar year (which amount for 2020 shall in no event be less than his Target Bonus for such year), plus (D) an amount equal to twelve (12) multiplied by the monthly premium Executive is required to pay for continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for Executive and his or her eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination), which amounts will be payable in a lump sum within ten (10) days following the effective date of Executive's Release;

(iii) the vesting acceleration provided under Section 3(g) above; and

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, in the event Executive's Involuntary Termination occurs (A) during the period commencing on the Acquisition Agreement Date and ending on the closing of the resulting Change in Control, or (B) within twelve (12) months following a Change in Control, (1) the references to nine (9) months in clause (ii) above shall be increased to twelve (12) months, and (2) Executive's monthly base salary for purposes of clause (ii)(A) above shall be equal to the greater of (x) Executive's monthly base salary

as in effect immediately prior to the date of Executive's Involuntary Termination, or (y) Executive's monthly base salary as of the Acquisition Agreement Date, which amounts, to the extent in excess of the amounts to be paid to Executive as a result of his Involuntary Termination pursuant to clause (ii) above, shall be payable in a lump sum within ten (10) days following the later of (A) the effective date of Executive's Release and (B) the date of the Change in Control.

(c) Termination for Cause or Voluntary Resignation Without Good Reason. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause, Executive's resignation without Good Reason, or Executive's death or termination of employment by reason of discharge by the Company following Executive's extended disability (as defined in Section 1(c) above), the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive (i) Executive's fully earned but unpaid base salary, through the date of termination at the rate then in effect, (ii) all accrued but unused PTO, and (iii) all other amounts or benefits to which Executive is entitled under any compensation, retirement or benefit plan or practice of the Company at the time of termination in accordance with the terms of such plans or practices, including, without limitation, any continuation of benefits required by COBRA or applicable law. In addition, all vesting of Executive's unvested Stock Awards previously granted to him or her by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Section 4(b) above, Executive shall execute and not revoke a general release of all claims in favor of the Company (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the thirty (30) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he or she is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder, or any similar statute.

(f) No Mitigation. Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-

employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his or her offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

5. Certain Covenants.

(a) Proprietary Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Employee Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(b) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity, the right to immediately cease all payments and benefits under Section 4(b) above.

(c) Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, "key-man" or other insurance covering Executive, in the name of the Company and at the Company's expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his or her work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for members of the Board and other executive officers.

7. Arbitration. Except as prohibited by law, any legal dispute between the Executive and the Company (or between the Executive and any affiliate of the Company, each of whom is hereby designated a third party beneficiary of this Agreement regarding arbitration) arising out of the Executive's employment or cessation of employment, or arising out of the Executive's directorship or resignation from his director position, or this Agreement (a "Dispute") will be resolved through binding arbitration in Dallas, Texas, under the rules and procedures of the Texas General Arbitration Act, Texas Civil Practices and Remedies Code, Section 171.001 et seq., and pursuant to Texas law. Nothing in this arbitration provision is intended to limit the Executive's right to file a charge with or obtain relief from the National Labor Relations Board. **THE PARTIES UNDERSTAND THAT BY AGREEING TO ARBITRATE DISPUTES THEY ARE WAIVING ANY RIGHT THEY MIGHT OTHERWISE HAVE TO A JURY TRIAL.** This arbitration provision is not intended to modify or limit substantive rights or the remedies available to the parties, including the right to seek interim relief, such as injunction or attachment, through judicial process, which shall not be deemed a waiver of the right to demand and obtain arbitration.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Employee Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof, and supersede all existing agreements between them concerning such subject matter, including, without limitation, any employment agreement or offer letter executed by the Company and Executive in effect prior to the Effective Date between the Company and Executive. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether

direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive’s termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party’s rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company’s personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of Texas applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in Travis County, Texas, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Texas law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word “person” shall include any corporation, firm, partnership or other form of association.

(l) Counterparts; Facsimile or .pdf Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. This Agreement may be executed and delivered by facsimile or by .pdf file and upon such delivery the facsimile or .pdf signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and (iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive’s first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of “separate payments” within the meaning of Section 409A of the Code.**

(ii) Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Section 4(b)) are treated as non-qualified deferred compensation subject to Section 409A of the Code, then (A) no amount shall be payable pursuant to such section unless Executive’s termination of employment constitutes a “separation from service” with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h)



and any successor provision thereto) (a “**Separation from Service**”), (B) any such payment payable under Section 4(b)(ii) or (iv) shall be paid on the sixtieth (60th) day following (1) Executive’s Separation from Service (with respect to payments pursuant to Section 4(b)(ii) or (2) the later of Executive’s Separation from Service or the date of the Change in Control, as applicable (with respect to payments pursuant to Section 4(b)(iv)), and (C) if Executive, at the time of his or her Separation from Service, is determined by the Company to be a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code and the Company determines that delayed commencement of any portion of the termination benefits payable to Executive pursuant to this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code (any such delayed commencement, a “**Payment Delay**”), then such portion of Executive’s termination benefits described in Section 4(b) shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive’s Separation from Service, (B) the date of Executive’s death or (C) such earlier date as is permitted under Section 409A. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) deferral period, all payments deferred pursuant to a Payment Delay shall be paid in a lump sum to Executive within ten (10) days following such expiration, and any remaining payments due under the Agreement shall be paid as otherwise provided herein. The determination of whether Executive is a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his or her Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(i) To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code.

(ii) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive’s taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive’s shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive’s, and Executive’s right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**PLUS THERAPEUTICS, INC.**

By: /s/ Marc Hedrick

Name: Marc Hedrick, M.D.

Title: Chief Executive Officer

**EXECUTIVE**

/s/ Andrew Sims

Print Name: Andrew Sims

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**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims (“**Release**”) is entered into as of this [\_\_\_\_\_] day of [\_\_\_\_], [\_\_\_\_], between Andrew Sims (“**Executive**”), and Plus Therapeutics, Inc., a Delaware corporation (the “**Company**”) (collectively referred to herein as the “**Parties**”).

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of March 11, 2020 (the “**Agreement**”);

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive’s execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself or herself and his or her executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his or her employment with or service to the Company (collectively, the “**Company Releasees**”), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys’ fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, “**Claims**”), which Executive has or may have had against such Company Releasees based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive’s employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract,

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fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “**ADEA**”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; and the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;

(iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;

(iv) Claims for indemnity under the bylaws of the Company, as provided for by Texas law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;

(v) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission, the Texas Labor Code (including the Texas Payday Act), the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, the Texas Whistleblower Act, the Texas Commission on Human Rights Act or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his or her right to secure any damages for alleged discriminatory treatment;

(v) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission, the Texas Labor Code (including the Texas Payday Act), the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, the Texas Whistleblower Act, the Texas Commission on Human Rights Act or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his or her right to secure any damages for alleged discriminatory treatment;

(vi) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement; and

(vii) Claims Executive may have to vested or earned compensation and benefits.

(b) EXECUTIVE ACKNOWLEDGES THAT HE OR SHE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE OR SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him or her on the date indicated above and that Executive is entitled to have twenty-one (21) days' time in which to consider it. Executive further acknowledges that the Company has advised him or her that he or she is waiving her rights under the ADEA, and that Executive should consult with an attorney of his or her choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before twenty-one (21) days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his or her execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his or her execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is thirty (30) days following the date of Executive's termination of employment.

2. Nondisparagement. The parties agree that each will use its reasonable best efforts to not make any voluntary statements, written or verbal, or cause or encourage others to make any such statements that defame, disparage or in any way criticize the reputation, business practices or conduct of Executive (in the case of the Company) or the Company or any of the other Company Releasees (in the case of Executive).

3. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any

government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (a) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information (as defined in the Agreement) that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (b) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (c) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if Executive files any document containing the Proprietary Information under seal, and does not disclose the Proprietary Information, except pursuant to court order.

4. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

5. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

6. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

7. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of Texas applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in Travis County, Texas, the Parties hereby waiving any claim or defense that such forum

is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Texas law.

8. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

9. Counterparts. This Release may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. This Release may be executed and delivered by facsimile or by .pdf file and upon such delivery the facsimile or .pdf signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

(Signature Page Follows)

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE**            **PLUS THERAPEUTICS, INC.**

By:

Print Name: Andrew Sims

Print Name:

Title:



**Certification of Principal Executive Officer Pursuant to  
Securities Exchange Act Rule 13a-14(a),  
as Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Marc H. Hedrick, certify that:

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

Date: May 14, 2020

/s/ Marc H. Hedrick

Marc H. Hedrick,

*President & Chief Executive Officer*

**Certification of Principal Financial Officer Pursuant to  
Securities Exchange Act Rule 13a-14(a),  
as Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Andrew Sims, certify that:

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

Date: May 14, 2020

/s/ Andrew Sims

Andrew Sims

Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350/ SECURITIES EXCHANGE ACT RULE 13a-14(b), AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Plus Therapeutics, Inc. for the quarterly period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof, Marc H. Hedrick, as President & Chief Executive Officer of Plus Therapeutics, Inc., and Andrew Sims, as VP of Finance and Chief Financial Officer of Plus Therapeutics, Inc., each hereby certifies, respectively, that:

1. The Form 10-Q report of Cytori Therapeutics, Inc. that this certification accompanies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934.
2. The information contained in the Form 10-Q report of Plus Therapeutics, Inc. that this certification accompanies fairly presents, in all material respects, the financial condition and results of operations of Plus Therapeutics, Inc.

Dated: May 14, 2020

By: /s/ Marc H. Hedrick

Marc H. Hedrick  
*President & Chief Executive Officer*

Dated: May 14, 2020

By: /s/ Andrew Sims

Andrew Sims  
*Chief Financial Officer & VP of Finance*