UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2024

OR

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

For the transition period from

Commission File Number: 001-40047

Talis Biomedical Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)		**46-3122255** (I.R.S. Employer Identification No.)
1375 West Fulton Market, Suite 700 Chicago, Illinois (Address of principal executive offices)		**60607** (Zip Code)

(650) 433-3000
(Registrant's telephone number, including area code)

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, $0.0001 par value per share	TLIS	The Nasdaq Stock Market LLC

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-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 financial 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 3, 2024, there were 31,685,827 shares of the Registrant's common stock and preferred stock outstanding, consisting of 1,822,153 shares of common stock and 29,863,674 shares of Series 1 convertible preferred stock which is convertible into 1,990,914 shares of common stock, as adjusted for the 1-for-15 Reverse Stock Split effective July 5, 2023. The conversion ratio of the outstanding Series 1 convertible preferred stock increased and the number of shares of common stock issuable upon conversion of such Series 1 convertible preferred stock decreased in proportion to the 1-for-15 ratio of the Reverse Stock Split. Our Series 1 convertible preferred stock is a voting common stock equivalent, subject to certain limitations.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this Quarterly Report) contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the timing and availability of strategic alternatives being reviewed by our Board of Directors and our ongoing efforts to significantly reduce our expenditures on research and development activities and taking other cost cutting measures;
- our decision to cease operations in our Redwood City, CA laboratory and office facility and consolidate our operations to our Chicago facility due to unforeseen operational challenges, setbacks in product development timelines and volatile market conditions;
- our expectations regarding our ability to complete a strategic transaction within estimated timeframes or at all;
- our ability to retain key personnel;
- regulatory clearance pathways for our products;
- clinical trials and studies necessary to develop and commercialize our products and services;
- our expectations of the reliability, accuracy and performance of our products and services, as well as expectations of the benefits to patients, clinicians and providers of our products and services;
- impact from future regulatory, judicial, and legislative changes or developments in the United States and foreign countries;
- the costs and success of our research and development efforts, including the potential effects of inflation; and
- the impact on our business and the completion of any possible strategic transaction of economic or political events or trends.

In some cases, you can identify these statements by terms such as "anticipate," "believe," "could," "estimate," "expects," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes. These forward-looking statements reflect our management's beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this Quarterly Report and are subject to risks and uncertainties. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements. You should carefully read this Quarterly Report and the documents that we reference in this Quarterly Report and have filed as exhibits to this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Quarterly Report by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Talis Biomedical Corporation
Condensed Balance Sheets
(in thousands, except for shares and par value)

	March 31, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 70,337	$ 76,732
Accounts receivable, net	6	50
Prepaid expenses and other current assets	827	901
Total current assets	71,170	77,683
Property and equipment, net	1,628	3,030
Operating lease right-of-use-assets	8,154	12,419
Other long-term assets	1,542	1,542
Total assets	$ 82,494	$ 94,674
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,619	$ 1,339
Accrued compensation	1,958	3,836
Accrued liabilities	992	715
Operating lease liabilities, current portion	2,902	2,882
Total current liabilities	9,471	8,772
Operating lease liabilities, long-term portion	16,339	16,786
Total liabilities	$ 25,810	$ 25,558
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Series 1 convertible preferred stock, $0.0001 par value—60,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 29,863,674 shares issued and outstanding as of March 31, 2024 and December 31, 2023; aggregate liquidation preference of $3 as of March 31, 2024 and December 31, 2023	3	3
Common stock, $0.0001 par value; 200,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 1,822,153 and 1,821,986 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	609,677	609,074
Accumulated deficit	(552,996)	(539,961)
Total stockholders' equity	56,684	69,116
Total liabilities and stockholders' equity	$ 82,494	$ 94,674

See accompanying notes to the unaudited condensed financial statements

Talis Biomedical Corporation
Condensed Statements of Operations and Comprehensive Loss (Unaudited)
(in thousands, except for share and per share amounts)

	Three Months Ended March 31,	
	2024	**2023**
Revenue		
Grant revenue	$ —	$ 1,081
Product revenue, net	73	137
Total revenue, net	73	1,218
Operating expenses:		
Cost of products sold	6	20
Research and development	2,533	13,796
Selling, general and administrative	11,651	6,399
Total operating expenses	14,190	20,215
Loss from operations	(14,117)	(18,997)
Other income, net	1,082	1,166
Net loss and comprehensive loss	$ (13,035)	$ (17,831)
Net loss per share, basic and diluted	$ (7.15)	$ (9.84)
Weighted average shares used in the calculation of net loss per share, basic and diluted	1,822,050	1,812,723

See accompanying notes to the unaudited condensed financial statements

Talis Biomedical Corporation
Condensed Statements of Stockholders' Equity (Deficit) (Unaudited)
(in thousands, except for share amounts)

	Series 1 Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Equity
Balance at December 31, 2023	29,863,674	$ 3	1,821,986	$ —	$ 609,074	$ (539,961)	$ 69,116
Issuance of common stock upon exercise of stock options	—	—	167	—	2	—	2
Stock-based compensation expense	—	—	—	—	601	—	601
Net loss	—	—	—	—	—	(13,035)	(13,035)
Balance at March 31, 2024	29,863,674	$ 3	1,822,153	$ -	$ 609,677	$ (552,996)	$ 56,684

	Series 1 Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Equity
Balance at December 31, 2022	29,863,674	$ 3	1,811,396	$ 3	$ 604,690	$ (477,954)	$ 126,739
Issuance of common stock for restricted stock units	—	—	233	—	—	—	—
Issuance of common stock pursuant to employee stock purchase plan	—	—	4,560	—	33	—	33
Stock-based compensation expense	—	—	—	—	1,183	—	1,183
Net loss	—	—	—	—	—	(17,831)	(17,831)
Balance at March 31, 2023	29,863,674	$ 3	1,816,189	$ 3	$ 605,906	$ (495,785)	$ 110,124

See accompanying notes to the unaudited condensed financial statements

Talis Biomedical Corporation
Condensed Statements of Cash Flows (Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Operating activities		
Net loss	$ (13,035)	$ (17,831)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	601	1,183
Depreciation and amortization	262	174
Non-cash lease expense	403	785
Impairment of long-lived assets	4,971	—
Changes in operating assets and liabilities:		
Accounts receivable	43	182
Prepaid expenses and other current assets	76	1,291
Accounts payable	2,280	(148)
Accrued expenses and other liabilities	(2,028)	(2,101)
Net cash used in operating activities	$ (6,427)	$ (16,465)
Investing activities		
Proceeds from disposal of property and equipment	30	—
Purchase of property and equipment	—	(24)
Net cash provided by/(used in) investing activities	$ 30	$ (24)
Financing activities		
Proceeds from stock option exercises	2	—
Proceeds from issuance of common stock under employee stock plans	—	33
Net cash provided by financing activities	$ 2	$ 33
Net decrease in cash, cash equivalents and restricted cash	(6,395)	(16,456)
Cash, cash equivalents and restricted cash at beginning of period	78,274	131,967
Cash, cash equivalents and restricted cash at end of period	$ 71,879	$ 115,511
Supplemental disclosure of noncash investing and financing activities		
Remeasurement of operating lease right-of-use asset for lease modification	$ —	$ (18,696)

The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances as of each of the periods shown above:

	March 31,	
	2024	**2023**
Cash and cash equivalents	$ 70,337	$ 112,959
Restricted cash	—	1,010
Restricted cash – other long-term assets	1,542	1,542
Total cash, cash equivalents and restricted cash	$ 71,879	$ 115,511

See accompanying notes to the unaudited condensed financial statements

1. Organization and nature of business

Talis Biomedical Corporation (the Company) is a molecular diagnostic company focused on advancing health equity and outcomes through the delivery of accurate infectious disease testing in the moment of need, at the point of care. Prior to the announcement to consider strategic alternatives in November 2023, the Company planned to develop and commercialize innovative products on its sample-to-answer Talis One system to enable accurate, low cost, and rapid molecular testing. The Company was incorporated in 2013 under the general laws of the State of Delaware and is based in Chicago, Illinois (IL).

Liquidity

The Company has incurred significant losses and negative cash flows since inception, including a net loss of $13.0 million for the three months ended March 31, 2024.

Management expects to continue to incur additional losses in the foreseeable future while the Board of Directors considers strategic alternatives for the Company, including without limitation, equity or debt financing alternatives, an acquisition, merger, reverse merger, divestiture of assets, licensing or other strategic transactions and a voluntary reorganization, dissolution or liquidation of the Company. The Company's activities are subject to significant risks and uncertainties, including failing to secure a strategic alternative or additional funding to continue to develop the Company's current technology and to achieve clinical approval of its products.

As of March 31, 2024 the Company had unrestricted cash and cash equivalents of $70.3 million and $1.5 million of restricted cash. The Company expects its existing unrestricted cash and cash equivalents will be sufficient to fund its operations through at least one year from the date these financial statements are issued. The Company expects to finance its future operations with its existing unrestricted cash and cash equivalents and through one or more possible strategic alternatives. However, there is no guarantee that any of these strategic opportunities will be executed or realized on favorable terms, if at all, and some could be dilutive to existing stockholders.

Reverse Stock Split

On June 30, 2023, the Company filed a certificate of amendment to the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Amendment") with the Secretary of State of Delaware to effect a 1-for-15 reverse stock split of the shares of the Company's common stock, par value $0.0001 per share, effective as of 5:00 p.m., Eastern Time, on July 5, 2023 (the "Reverse Stock Split"). On this date, every 15 issued and outstanding shares of common stock were converted into one share of common stock, with any fractional shares resulting from the Reverse Stock Split rounded up to the nearest whole share. The number of outstanding shares of common stock was reduced from approximately 26.9 million shares to approximately 1.8 million shares.

The Reverse Stock Split did not change the Company's authorized shares of common stock and Series 1 convertible preferred stock, which remained at 200,000,000 and 60,000,000 shares, respectively. The Reverse Stock Split did not change the par value of the common stock and, therefore, the Company reclassified an amount equal to the reduction in the number of shares of common stock at par value to additional paid-in capital. Proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise of stock options and the settlement of restricted stock units and the number of shares authorized and reserved for issuance pursuant to the Company's equity incentive plans, see Note 8. Additionally, the Reverse Stock Split had no impact on the number of shares of the Company's Series 1 convertible preferred stock issued and outstanding. However, the conversion ratio of the outstanding Series 1 convertible preferred stock increased and the number of shares of common stock issuable upon conversion of such preferred stock decreased in proportion to the 1-for-15 split ratio, see Note 7.

All share and per share amounts for common stock in these condensed financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split.

2. Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and pursuant to the rules and regulations of the

Securities and Exchange Commission (SEC) for interim financial reporting. Accordingly, these unaudited condensed financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed financial statements include all adjustments necessary to fairly state the financial position and the results of our operations and cash flows for interim periods in accordance with GAAP. All such adjustments are of a normal, recurring nature. The results for any interim period are not necessarily indicative of the results that may be expected for the year ended December 31, 2024 or for any future period.

The condensed balance sheet presented as of December 31, 2023 has been derived from the audited financial statements as of that date. The condensed financial statements and notes as presented do not contain all information that is included in the annual financial statements and notes thereto of the Company. The condensed financial statements and notes included in this Quarterly Report should be read in conjunction with the financial statements and notes included in the Company's 2023 Annual Report on Form 10-K (Annual Report) filed with the SEC.

The significant accounting policies used in preparation of these condensed financial statements as of and for the three months ended March 31, 2024 are consistent with those described in our Annual Report.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions, including knowledge about current events and expectations about actions the Company may take in the future, that the Company believes are reasonable under the circumstances. Actual results could vary from the amounts derived from management's estimates and assumptions.

Concentration of credit risk and other risks and uncertainties

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, and accounts receivables. The Company's cash and restricted cash are deposited in accounts at large financial institutions and its cash equivalents are primarily held in prime and U.S. government money market funds. The Company believes it is not exposed to significant credit risk due to the financial strength of the depository institutions in which the cash, restricted cash and cash equivalents are held.

Impairment of long-lived assets

A long-lived asset may be impaired when the undiscounted cash flows expected to be generated by the asset (or asset group) are less than the asset's carrying amount. Any required impairment loss would be measured as the amount by which the asset or asset group's carrying value exceeds its fair value and would be recorded as a reduction in the carrying value of the related asset to its fair value and a charge to operating expense. The Company reviews the carrying amount of its long-lived assets, including property and equipment, for impairment whenever events indicate that the carrying amount of the assets may not be fully recoverable.

Operating lease impairment charges reduces the carrying value of the associated right-of-use assets to their estimated fair values. The fair values are estimated using a discounted cash flows approach on forecasted future cash flows derived from current market data including discount rate, rent and rent escalation rates, downtime and abatement assumptions. The fair value of our right-of-use assets may change as a result of a change in any of these inputs.

As the Company's market capitalization is below the carrying value of equity, the Company regularly assesses if its long-lived assets are impaired by comparing the estimated fair value of the long-lived assets to their respective carrying amounts. During the three months ended March 31, 2024, the Company recorded long-lived asset impairment charges of $1.1 million related to property and equipment and $3.9 million related to right-of-use assets within selling, general and administrative expenses in the condensed statement of operations and comprehensive loss. The impairment losses primarily relate to the right-of-use asset and property and equipment that the Company used in its operations at its Redwood City laboratory and office facility prior to its decision to abandon this location and consolidate all of its operations to its Chicago office during the three months ended March 31, 2024.

There were no impairment charges recorded for the three months ended March 31, 2023.

New accounting pronouncements

Recently issued accounting pronouncements

There are no accounting pronouncements pending at March 31, 2024 that we expect to have a material impact on our financial statements or disclosures.

Recently adopted accounting standards

We did not adopt any new accounting standards during the three months ended March 31, 2024.

3. Fair value measurement

The following table summarizes the Company's financial assets carried at fair value and measured on a recurring basis by level within the fair value hierarchy (in thousands):

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents (money market funds)	$ 63,009	$ —	$ —	$ 63,009
Total assets measured at fair value	$ 63,009	$ —	$ —	$ 63,009

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents (money market funds)	$ 72,143	$ —	$ —	$ 72,143
Total assets measured at fair value	$ 72,143	$ —	$ —	$ 72,143

4. Balance sheet components

November 2023 RIF liability

On November 14, 2023, in connection with our plans to consider strategic alternatives, reduce costs and preserve cash, we announced a reduction in force of approximately 90% of our work force ("November 2023 RIF"). As part of these actions, we provided notices to the impacted employees under the Worker Adjustment and Retraining Act ("WARN Act") for job eliminations that occurred through March 2024.

During the three months ended March 31, 2024, we incurred $0.2 million of expenses related to the November 2023 RIF which consisted primarily of costs related to retention agreements for employees if they maintain satisfactory job performance and remain employed with the Company through the completion of a sale, merger or a voluntary reorganization, liquidation or dissolution of the Company. Expenses related to the November 2023 RIF are included in Selling, general and administrative and Research and development expenses in the condensed statement of operations and comprehensive loss.

Depending on the outcome of our plans to consider strategic alternatives, the Company expects to incur approximately $0.5 million of additional expenses related to the November 2023 RIF, substantially all of which will consist of charges related to the staff reduction.

The following table summarizes the activity for the November 2023 RIF accrued liability (in thousands):

	Three Months ended March 31, 2024
Balance at December 31, 2023	$ 2,330
Charges	242
Cash Payments	(1,527)
Balance at March 31, 2024	$ 1,045

The November 2023 RIF accrued liability is included in Accrued Compensation on the condensed balance sheet.

5. Revenue

Product revenue, net

The Company operates in one reportable segment. There were no sales to customers outside of the United States during the three months ended March 31, 2024 and 2023.

Grant revenue and receivables

NIH grant

In May 2018, the Company was awarded a grant from the NIH for the Diagnostics via Rapid Enrichment, Identification, and Phenotypic Antibiotic Susceptibility Testing of Pathogens from Blood project. In April 2023, the Company exercised a one-year option under the grant, extending the term through April 2024. There is $0.4 million in additional funding available under the grant as of March 31, 2024, which the Company does not expect to fully utilize.

The Company did not recognize any revenue related to this grant during the three months ended March 31, 2024. During the three months ended March 31, 2023, the Company recognized $1.1 million of revenue related to this grant.

6. Commitments and contingencies

Operating leases

In March 2023, the Company entered into a lease termination agreement with the landlord of its former Redwood City, CA facility. The original term of the lease commenced in June 2022 and was for an initial term of 10.5 years. As a result of this modification, the Company remeasured the lease liability and the corresponding right-of-use asset resulting in a reduction of each by $18.7 million. The Company incurred immaterial customary termination and broker fees during the three months ended March 31, 2023. The lease of our former Redwood City, CA facility was terminated on May 12, 2023.

In March 2023, the Company entered into a sublease for laboratory and office space in its current Redwood City, CA facility. The sublease is for a term of 7 years, with no option to extend. The minimum annual commitment under the new sublease is approximately $1.0 million with fixed escalations of 3.5% per annum. The sublease commenced for accounting purposes on May 1, 2023 and the Company recorded a lease liability and corresponding right-of-use asset and liability of $7.3 million. While the sublease is still in effect, in November 2023, the Company decided to cease operations in its Redwood City facility. During the three months ended March 31, 2024, the Company abandoned the Redwood City, CA facility and consolidated all of its operations to its Chicago office.

The Company recorded long-lived asset impairment charges related to right-of-use asset for its Redwood City laboratory and office facility of $3.9 million during the three months ended March 31, 2024. There were no impairment charges recorded during the three months ended March 31, 2023. Refer to Note 2, “Long-lived asset impairment” for more information.

The undiscounted future lease payments for operating leases as of March 31, 2024 are as follows (in thousands):

	Operating Leases
2024 (remainder)	2,237
2025	3,055
2026	3,144
2027	3,235
2028	3,329
2029 and thereafter	9,177
Total future minimum lease payments	24,177
Less: imputed interest	(4,936)
Present value of operating lease liabilities	19,241
Less: current portion of lease liabilities	(2,902)
Noncurrent portion of lease liabilities	$ 16,339

Standby letters of credit

In January 2022, in conjunction with the Company's former Redwood City, CA operating lease, the Company entered into a standby letter of credit (LOC) in the amount of $1.0 million to secure the lease through its expiration. In March 2023, the Company entered into a lease termination agreement with the landlord of its former Redwood City, CA facility, which accelerated the lease termination date to May 12, 2023. The Company is required to maintain a cash balance of $1.0 million as collateral for the LOC until all criteria in the termination agreement have been met. During the third quarter of 2023 all the criteria in the termination agreement were met and the landlord released the LOC of $1.0 million, which is now classified within cash and cash equivalents on the condensed balance sheet at March 31, 2024 as compared to restricted cash at March 31, 2023.

In March 2023, the Company entered into a sublease for a future laboratory and office space in a Redwood City, CA facility. The Company is required to hold a LOC in the amount of $0.7 million to secure this lease through expiration. The Company is required to maintain a cash balance of $0.7 million as collateral for the LOC, which has been classified in other long-term assets on the condensed balance sheet at March 31, 2024, because it is unavailable for a period longer than one year from the balance sheet date.

In conjunction with the Chicago, IL laboratory and office space lease, the Company is required to hold an additional LOC in the amount of $0.8 million to secure this lease through its expiration. The Company is required to maintain a cash balance of $0.8 million as collateral for the LOC, which is classified in other long-term assets on the condensed balance sheet at March 31, 2024, because it is unavailable for a period longer than one year from the balance sheet date.

The Company has not drawn upon any LOC through March 31, 2024.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, customers and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. The Company also provides indemnification to directors and officers of the Company to the maximum extent permitted under applicable Delaware law. The maximum potential amount of future payments that the Company could be required to make under these indemnification agreements is, in many cases, unlimited. As of March 31, 2024, the Company has not incurred any material costs as a result of such indemnifications and is not currently aware of any indemnification claims.

Contingencies

The Company is party to certain legal matters arising in the ordinary course of its business. In addition, third parties may, from time to time, assert claims against us in the form of letters and other communications. The Company records a provision for contingent losses when it is both probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, management discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Circumstances change over time and actual results may vary significantly from estimates.

On or about January 7, 2022, John Modrak filed a class action in the United States District Court for the Northern District of California against the Company, certain of its officers and directors, and J.P. Morgan Securities LLC, BofA Securities, Inc., Piper Sandler & Co., and BTIG, LLC, underwriters of the Company's February 2021 initial public offering ("IPO"), captioned as Modrak v. Talis Biomedical Corp., et al., No. 3:22-cv-00105, purportedly on behalf of shareholders who purchased shares of the Company's stock that were registered in the Company's IPO. On February 18, 2022, Karen Mitcham filed a substantively identical lawsuit in the same court captioned as Mitcham v. Talis Biomedical Corp., et al., No. 3:22-cv-01039-JD, against the Company, and the same officers and directors as the Modrak lawsuit. These two cases were consolidated and co-lead plaintiffs were appointed as mandated by the applicable federal securities laws. On December 9, 2022, the Court granted the Company's motion to dismiss and gave plaintiffs leave to amend their consolidated complaint. On January 13, 2023, the plaintiffs filed an amended complaint, asserting claims for violation of Section 11 of the Securities Act of 1933 ("Securities Act") against all defendants and Section 15 of the Securities Act against the individual defendants. The amended complaint alleges that the Company's registration statement and prospectus issued in connection with the Company's IPO was false and misleading, and omitted to state material adverse facts, related to (1) instrument manufacturing, (2) the reliability and accuracy of the Company's Talis One COVID-19 test, and (3) the comparator test used in the Company's primary study in support of its EUA application for the Talis One COVID-19 Test System. The amended complaint seeks unspecified damages under Sections 11 and 15 of the Securities Act, reasonable attorneys' fees, and other costs. The amended complaint does not assert claims against the above referenced underwriters. On April 28, 2023, the Court denied our motion to

dismiss. On February 9, 2024, the Court certified the class and appointed plaintiff Martin Dugan as class representative. Discovery is ongoing. Trial is currently set for February 24, 2025. The Company has not recorded an accrual related to this matter as of March 31, 2024 as it determined that any such loss contingency was not probable or reasonably estimable.

On or about March 29, 2024, Kriya Therapeutics, Inc., filed an action in the Superior Court of the State of California, County of San Mateo, against the Company captioned Kriya Therapeutics, Inc. v. Talis Biomedical Corporation, Case No. 24-CIV-01947. The complaint alleges that the Company breached the March 2023 sublease for laboratory and office space in its current Redwood City, CA facility referenced above by: (i) allegedly failing to pay rent and other costs allegedly due under the sublease; (ii) allegedly abandoning the premises; and (iii) allegedly failing to maintain certain maintenance agreements for the premises. The complaint seeks unspecified damages, pre- and post-judgment interest, costs of suit including attorneys' fees and other unspecified costs. The Company's response to the complaint is due on May 9, 2024. The action has been assigned for all purposes to the Honorable V. Raymond Swope in Department 23 of the Superior Court for the State of California, County of San Mateo. An initial case management conference has been set before the Civil Commissioner of the court for August 28, 2024. No trial date has been set in the action. The Company has not recorded an accrual related to this matter as of March 31, 2024 as it determined that any such loss contingency was not probable or reasonably estimable. In accordance with the provisions of Accounting Standards Codifications (ASC), Topic 842, *Leases*, the Company recognized a liability for all unpaid lease payments.

Other than the litigation matters discussed above, the Company currently does not believe that the ultimate outcome of any of the matters is probable or reasonably estimable, or that these matters will have a material adverse effect on its business; however, the results of litigation and claims are inherently unpredictable. Regardless of the outcome, litigation and other negotiations can have an adverse impact on the Company because of litigation and settlement costs, diversion of management resources and other factors. Legal costs are expensed as incurred.

7. Stockholders' equity

Common stock

On July 27, 2022, the Company received a notice (Notice) from the Nasdaq Stock Market (Nasdaq) that the Company was not in compliance with the $1.00 minimum bid price requirement for continued listing, as set forth in Nasdaq Listing Rule 5450(a)(1) (Minimum Bid Price Requirement), as the minimum bid price of the Company's common stock had been below $1.00 per share for thirty-one (31) consecutive business days as of the date of the Notice. On January 24, 2023, the Company transferred the listing of its securities to the Nasdaq Capital Market (Capital Market) and received notice from Nasdaq indicating that, while the Company had not regained compliance with the Minimum Bid Price Requirement, Nasdaq determined that the Company was eligible for an additional 180-day period, or until July 24, 2023, to regain compliance. We committed to effectuating a reverse stock split by the end of the second compliance period, if necessary, to regain compliance with the Minimum Bid Price Requirement. The Notice had no other immediate effect on the listing of the Company's common stock, which trades on the Capital Market under the symbol "TLIS."

Effective July 5, 2023, the Company completed a 1-for-15 reverse stock split of its issued and outstanding shares of common stock, as further described in Note 1. As a result of the Reverse Stock Split, every 15 shares of common stock issued and outstanding were converted into one share of common stock with any fractional shares resulting from the Reverse Stock Split rounded up to the nearest whole share. The rights and privileges of the holders of shares of common stock are unaffected by the Reverse Stock Split.

The common stock traded on an as-adjusted basis upon market open on July 6, 2023. The purpose of the Reverse Stock Split was to enable the Company to regain compliance with the requirements of Minimum Bid Price Requirement. On July 20, 2023, we received notice from Nasdaq that we had regained compliance with the Minimum Bid Price Requirement.

The Reverse Stock Split did not change the par value of the common stock or the authorized number of shares of common stock. All share and per share amounts for common stock in these financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split, including reclassifying an amount equal to the reduction in the number of shares of common stock at par value to additional paid-in capital.

Convertible preferred stock

As of March 31, 2024 and December 31, 2023 there were 29,863,674 shares of Series 1 convertible preferred stock issued and outstanding. There were 60,000,000 shares of Series 1 convertible preferred stock with a par value of $0.0001 per share authorized as of March 31, 2024 and December 31, 2023.

The Reverse Stock Split had no impact on the number of shares of the Company's Series 1 convertible preferred stock issued and outstanding. However, the conversion ratio of the outstanding Series 1 convertible preferred stock increased and the number of shares of common stock issuable upon conversion of such Series 1 convertible preferred stock decreased in proportion to the 1-for-15 ratio. The rights and privileges of the holders of shares of Series 1 convertible preferred stock are unaffected by the Reverse Stock Split.

8. Stock-based compensation

Effective July 5, 2023, the Company completed a 1-for-15 Reverse Stock Split of its issued and outstanding shares of common stock, as further described in Note 1 and Note 7. All stock options and restricted stock units outstanding immediately prior to the Reverse Stock Split, as well as strike price and fair value amounts, were adjusted pursuant to the terms of the Company's equity incentive plans to give effect to the Reverse Stock Split. The number of shares of common stock issuable upon the exercise of each stock option and the settlement of each restricted stock unit decreased in proportion to the 1-for-15 ratio and the number of shares authorized and reserved for issuance pursuant to the Company's equity incentive plans was proportionately adjusted to give effect to the Reverse Stock Split.

Stock options

A summary of stock option activity during the three months ended March 31, 2024 is as follows:

	Number of Units Outstanding	Weighted Average Strike Price per Unit	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	718,230	$ 38.28	8.6	$ —
Granted	—	$ -		
Exercised	(167)	$ 7.43		$ —
Forfeited	(160,187)	$ 12.26		
Expired	(3,274)	$ 63.35		
Outstanding at March 31, 2024	554,602	$ 45.66	7.8	$ —
Options vested and expected to vest at March 31, 2024	554,602	$ 45.66	7.8	$ 178
Options vested and exercisable at March 31, 2024	326,093	$ 59.66	7.3	$ 138

As of March 31, 2024, the total unrecognized stock-based compensation related to stock options was $3.5 million, which is expected be recognized over a weighted-average period of approximately 2 years. During three months ended March 31, 2024, $1.3 million of unrecognized stock-based compensation expense was cancelled as a result of stock option forfeitures related to the November 2023 RIF. See Note 4 for more information. Total options vested during the three months ended March 31, 2024 were 47,588 with a total fair value of $0.9 million.

Restricted stock units

A summary of RSU activity during the three months ended March 31, 2024 is as follows:

	Number of Units Outstanding	Weighted Average Grant Date Fair Value (per RSU)
Outstanding at December 31, 2023	14,484	$ 37.43
Granted	—	$ —
Vested	(57)	$ 18.40
Forfeited	(11,520)	$ 37.39
Outstanding at March 31, 2024	2,907	$ 37.95

As of March 31, 2024, the total unrecognized stock-based compensation related to RSUs was $0.1 million, which is expected to be recognized over a weighted average period of approximately 2 years. During the three months ended March 31, 2024, $0.4 million of

unrecognized stock-based compensation expense was cancelled as a result of RSU forfeitures related to the November 2023 RIF. See Note 4 for more information. Outstanding RSUs as of March 31, 2024 include 57 RSUs that were vested, but not yet delivered.

Stock-based compensation expense

The following table summarizes the components of stock-based compensation expense recorded in the Company's statement of operations and comprehensive loss (in thousands):

	Three Months Ended March 31,	
	2024	2023
Research and development *	$ (3)	$ 231
Selling, general and administrative *	604	952
Total stock-based compensation	$ 601	$ 1,183

* Net of forfeitures that are accounted for as they occur.

9. Related-party transactions

Registration rights

In March 2021, the Company entered into a registration rights agreement (the Registration Rights Agreement) with Baker Brothers Life Sciences, L.P. and 667, L.P. (the Baker Funds), holders of the Company's Series 1 convertible preferred stock and related parties. The obligations of the Company regarding such registration rights include, but are not limited to, file a registration statement with the SEC for the registration of registrable securities, reasonable efforts to cause such registration statement to become effective, keep such registration statement effective for up to 30 days, prepare and file amendments and supplements to such registration statement and the prospectus used in connection with such registration statement, and notify each selling holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed. The terms of the Registration Rights Agreement provide for the payment of certain expenses related to the registration of the shares, including a capped reimbursement of legal fees of a single special counsel for the holders of the shares, but do not impose any obligations for the Company to pay additional consideration to the holders in case a registration statement is not declared effective. On May 10, 2022, the Company filed a registration statement on Form S-3 with the SEC to register the registrable securities pursuant to the Registration Rights Agreement, which registration statement was declared effective on May 24, 2022 (the "Resale Shelf Registration Statement"). Under the Registration Rights Agreement, the Baker Funds also have the right to one underwritten offering per calendar year, but no more than two underwritten offerings or block trades in any twelve-month period, to effect the sale or distribution of their registrable securities, subject to specified exceptions, conditions and limitations. The Registration Rights Agreement also includes customary indemnification obligations in connection with registrations conducted pursuant to the Registration Rights Agreement. In March 2024, the Resale Shelf Registration Statement was terminated because the Company was no longer eligible to register securities on Form S-3 and the Baker Funds waived their rights under the Registration Rights Agreement for a period of thirty (30) days. On April 29, 2024, The Baker Funds agreed to extend this waiver through May 27, 2024.

10. Net loss per share

Net loss per share

The following table sets forth the computation of the basic and diluted net loss per share (in thousands, except for share and per share data):

	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net loss – basic and diluted	$ (13,035)	$ (17,831)
Denominator:		
Weighted – average number of shares of common stock outstanding – basic and diluted	1,822,050	1,812,723
Net loss per share – basic and diluted	$ (7.15)	$ (9.84)

Since the Company was in a loss position for all periods presented, basic net loss per share is the same as diluted net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. The Company's Series 1

convertible preferred stock are participating securities but, because they do not have the obligation to share in the loss of the Company, they are excluded from the calculation of basic net loss per share. Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	As of March 31,	
	2024	2023
Series 1 convertible preferred stock *	29,863,674	29,863,674
Options to purchase common stock	554,602	772,813
Unvested RSUs	2,907	20,086
Total	30,421,183	30,656,573

* The conversion ratio of the Company's Series 1 convertible preferred stock has been adjusted to proportionally reflect the 1-for-15 Reverse Stock Split upon conversion. See Note 1 for more information.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed financial statements and related notes included elsewhere in this Quarterly Report and our audited financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on March 28, 2024 (Annual Report). Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of our Annual Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. You should carefully read the "Risk Factors" section of the Annual Report to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide material information relevant to an assessment of our financial condition and results of operations, including an evaluation of the amounts and certainty of cash flows from operations and from outside sources. This section is designed to focus on material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This includes descriptions and amounts of matters that have had a material impact on reported operations, as well as matters that are reasonably likely based on management's assessment to have a material impact on future operations.

Recent Developments

In November 2023, due to unforeseen operational challenges, setbacks in product development timelines and volatile market conditions, the Company decided to cease operations in its Redwood City, CA laboratory and office facility and consolidate operations to its Chicago facility and to consider strategic alternatives. In addition, on November 14, 2023, we announced that we have retained TD Cowen, an investment bank, to lead a comprehensive review of strategic alternatives focusing on maximizing stockholder value, including but not limited to, an acquisition, merger, reverse merger, divestiture of assets, licensing or other strategic transactions and a voluntary reorganization, dissolution or liquidation of the Company. However, there is no set timetable for the overall process given the anticipated timelines for different strategic alternatives may vary, and there can be no assurance that this process will result in us pursuing a transaction or that any transaction, if pursued, will be completed on attractive terms or at all. If we are unable to complete a strategic transaction within a reasonable timeframe or at all, then we may cease all operations and seek stockholder approval to voluntarily dissolve and liquidate the Company. We do not expect to disclose developments with respect to this process unless and until the evaluation of strategic alternatives has been completed or we have concluded that disclosure is appropriate or legally required.

In connection with the evaluation of strategic alternatives and in order to extend our cash, we implemented a cost-savings plan that included a reduction in force of approximately 90% of our positions, with the remaining employees focusing primarily on supporting the exploration and potential completion of strategic alternatives as well as preserving limited manufacturing capabilities to have the ability to support minimal research and development functions throughout this process.

Overview

Prior to the November 2023 announcement to consider strategic alternatives, Talis aimed to transform diagnostic testing by developing and commercializing innovative products that are designed to enable accurate, reliable, low cost and rapid molecular testing for infectious diseases and other conditions at the point of care. While timely diagnosis of infectious diseases is critically important to enable effective treatment, currently, testing is primarily performed in centralized laboratories, which requires samples to be shipped for processing, delaying the return of results by days. Point-of-care testing solves this problem by delivering the timely information necessary for clinical care. We were developing the Talis One system, a sample-to-answer, cloud-enabled molecular diagnostic system that could be deployed to a variety of testing settings in the United States and around the world to diagnose infectious disease in the moment of need, at the point of care. The Talis One system comprises a compact instrument, single use test cartridges and software, supporting a central cloud database, which work together. The system is designed to provide central laboratory levels of accuracy and be operated by an untrained user in less than 30 minutes.

Previous surveys of women's and sexual health providers that we conducted confirmed continued and strong interest in adoption of point-of-care systems. We believe that the Talis One system was well positioned to meet this growing demand in both traditional and non-traditional care settings. Although there are several commercially available point-of-care systems, we believe that few, if any, sufficiently meet the needs of healthcare providers to drive broad adoption of, and transition to, point-of-care testing from central lab

testing for a broad range of infectious diseases. We believe that the ideal point-of-care technology for diagnosing infectious diseases would not only be highly accurate and rapid, but would also be easy to use, low cost, cloud-compatible and enable multiplexing to detect multiple pathogens at the same time.

On July 19, 2023, we paused our COVID-19 clinical trials due to an increase in invalid rates and decided to terminate these clinical trials. We have also suspended all other planned clinical trials intended to support regulatory clearance and commercialization of our other tests.

We had been developing Talis One tests to address some of the most critical infectious diseases in women's and sexual health with a targeted product menu and disciplined regulatory strategy to minimize risk and accelerate time to first commercial launch. However, in November 2023, our Board of Directors decided to pursue strategic alternatives and cease continued development of our test menu, consisting of a respiratory panel for influenza A, influenza B and COVID-19; Chlamydia trachomatis, Neisseria gonorrhoeae, and Trichomonas vaginalis (CT/NG/TV); herpes simplex virus (HSV); and vaginal infections including bacterial vaginosis (Vaginal Infections Panel) and are focused primarily on pursuing strategic alternatives.

We invested in and increased the flexibility of our manufacturing capabilities to support the development and commercialization of the Talis One system. We also established internal manufacturing lines to enable flexibility and stability in our ability to support our strategic efforts around research and development, clinical trials and commercialization. These internal lines allow us to (i) make process improvements and cost reductions in-house before transferring production back to our contract manufacturing partners, (ii) innovate more quickly to support internal test development and (iii) support cartridge inventory levels pre-commercialization. We intended to perform a cartridge stability study of cartridges from our internal manufacturing line to confirm the performance of our COVID-19 test on this manufacturing line. In order to drive further efficiency and cost reduction in the manufacturing process, we restructured our relationships with our contract manufacturing partners and streamlined our supply chain. Additionally, we have built several hundred instruments to date and invested in, and received, the raw materials to build thousands more to help ensure that we were positioned to support completion of any possible strategic transactions.

We outsourced a substantial portion of our manufacturing. Design work, prototyping and pilot manufacturing were performed in-house before outsourcing to third-party contract manufacturers. Our outsourced production strategy was intended to drive rapid scalability. Certain of our suppliers of components and materials were single source suppliers. To support a commercial launch, we invested in automated cartridge manufacturing production lines for our Talis One cartridges. Those assets deemed to have an alternative future use have been capitalized as property and equipment while those assets determined to not have an alternative future use have been expensed.

Since our inception in 2013, we have devoted substantially all our efforts to research and development activities, manufacturing capabilities, raising capital, building our intellectual property portfolio, providing general and administrative support for these operations, and providing selling support as the need has arisen. We have principally financed our operations through the issuance and sale of shares of our convertible preferred stock to outside investors in private equity financings as well as the issuance of convertible promissory notes and receipts from government grants. Prior to our initial public offering, we received $351.5 million from investors in our preferred stock financings and the sale of convertible promissory notes that converted in such financings. Additionally, on February 17, 2021, we raised $232.5 million (after deducting underwriting discounts, commissions and offering expenses) through an initial public offering.

We have incurred recurring losses since our inception, including net losses of $13.0 million and $17.8 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, we had an accumulated deficit of $553.0million. We expect to continue to generate operating losses and negative operating cash flows for the foreseeable future if and as we:

- consider strategic alternatives;
- obtain, maintain, protect and enforce our intellectual property portfolio;
- defend the stockholder litigation and any other litigation that may arise in the future; and
- experience delays or encounter issues with any of the above.

As of March 31, 2024, we had unrestricted cash and cash equivalents of $70.3 million. Based on our planned operations, we expect that our unrestricted cash and cash equivalents of $70.3 million as of March 31, 2024 will be sufficient to fund our operations through at least the next 12 months from the date our condensed financial statements are issued. We expect to finance our future operations with our existing cash and cash equivalents and through one or more possible strategic alternatives. However, there is no guarantee that any of these strategic opportunities will be executed or realized on favorable terms, if at all, and some could be dilutive to existing stockholders.

In March 2023, in order to support our long-term financial objectives, we terminated our former lease for laboratory and office space in Redwood City, CA and entered into a sublease for new laboratory and office space in Redwood City, CA. This move reduced our facilities footprint by two-thirds, and we expected approximately $9.0 million of cash savings on a discounted basis over the life of the lease. While the sublease is still in effect, in November 2023, we decided to cease operations in our Redwood City laboratory and office facility and have consolidated all of our operations to our Chicago office during the three months ended March 31, 2024.

In November 2023, in connection with our plans to consider strategic alternatives, reduce costs and preserve cash, we announced a reduction in force of approximately 90% of our work force ("November 2023 RIF"). As part of these actions, we provided notices to the impacted employees under the Worker Adjustment and Retraining Act ("WARN Act") for job eliminations that occurred through March 2024.

During the three months ended March 31, 2024, we incurred $0.2 million of expenses related to the November 2023 RIF which consisted primarily of costs related to retention agreements for employees if they maintain satisfactory job performance and remain employed with the Company through the completion of a sale, merger or voluntary reorganization, liquidation or dissolution of the Company. Expenses related to the November 2023 RIF are included in Selling, general and administrative and Research and development expenses in the condensed statement of operations and comprehensive loss.

Depending on the outcome of our plans to consider strategic alternatives, we expect to incur approximately $0.5 million of additional expenses related to the November 2023 RIF, substantially all of which will consist of charges related to the staff reduction.

Reverse Stock Split

On June 30, 2023, we filed a certificate of amendment to our Amended and Restated Certificate of Incorporation (the “Certificate of Amendment”), with the Secretary of State of the State of Delaware to effect a 1-for-15 reverse stock split of the shares of our common stock, par value $0.0001 per share, effective as of 5:00 p.m., Eastern Time, on July 5, 2023 (the “Reverse Stock Split”). On this date, every 15 issued and outstanding shares of common stock were converted into one share of common stock, with any fractional shares resulting from the Reverse Stock Split rounded up to the nearest whole share. The number of outstanding shares of common stock was reduced from approximately 26.9 million shares to approximately 1.8 million shares.

The Reverse Stock Split did not change our authorized shares of common stock or Series 1 convertible preferred stock, which remained at 200,000,000 and 60,000,000 shares, respectively. The Reverse Stock Split did not change the par value of the common stock. Proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise of stock options and the settlement of restricted stock units and the number of shares authorized and reserved for issuance pursuant to our equity incentive plans. Additionally, the Reverse Stock Split had no impact on the number of shares of our Series 1 convertible preferred stock issued and outstanding. However, the conversion ratio of the outstanding Series 1 convertible preferred stock increased and the number of shares of common stock issuable upon conversion of such preferred stock decreased in proportion to the 1-for-15 split ratio.

All share and per share amounts for common stock in this Quarterly Report on Form 10-Q for the three months ended March 31, 2024 have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split, including reclassifying an amount equal to the reduction in the number of shares of common stock at par value to additional paid-in capital.

Components of our results of operations

Revenue

To date, we have not generated any revenue from sales of our Talis One system. As a result of the announcement in November 2023 to consider strategic alternatives, we no longer plan to commercialize the Talis One system.

Product revenue, net

In January 2022, we began distributing the Antigen Tests. We currently derive all of our product revenue from the sales of the Antigen Tests in accordance with the provisions of Accounting Standards Codifications (ASC), Topic 606, *Revenue from Contracts with Customers*. Our product revenue is recognized upon the transfer of control of our test kits to the customer. This program concluded as

of December 31, 2022, as the majority of sales of Antigen Tests occurred during 2022. However, during the three months ended March 31, 2024 and 2023, we earned immaterial amounts of revenue from the remaining sales of Antigen Tests already on hand.

Grant revenue

In May 2018, the Company was awarded a grant from the NIH for the Diagnostics via Rapid Enrichment, Identification, and Phenotypic Antibiotic Susceptibility Testing of Pathogens from Blood project. In April 2023, the Company exercised a one-year option under the grant, extending the term through April 2024. There is $0.4 million in additional funding available under the grant as of March 31, 2024, which we do not expect to fully utilize.

The Company did not recognize any revenue related to this grant during the three months ended March 31, 2024. During the three months ended March 31, 2023, the Company recognized $1.1 million of revenue related to this grant.

This grant is not in the scope of the contracts with customers accounting guidance as the government entities and/or government-sponsored entities are not customers under the agreements.

Cost of product sold

We began to recognize costs of product sold in January 2022 when we began selling the Antigen Tests. Costs of product sold include material costs, direct labor, provisions for inventory write-downs and shipping and handling costs incurred.

Operating expenses

Research and development expenses

Research and development expenses consist primarily of internal and external costs incurred for our research activities, the development of our system, investment in manufacturing capabilities as well as costs incurred pursuant to our government grants and include:

- salaries, benefits and other related costs, including stock-based compensation expense, for personnel engaged in research and development functions;
- the cost of laboratory supplies and developing and manufacturing of our system;
- contract services, other outside costs and costs to develop our technology capabilities;
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs;
- cost of outside consultants, including their fees and related travel expenses, engaged in research and development functions;
- cost of performing clinical trials and
- expenses related to regulatory affairs.

Until future commercialization is considered probable and the future economic benefit is expected to be realized, we do not capitalize pre-launch inventory costs and costs of property and equipment prior to completion of marketing authorization unless the regulatory review process has progressed to a point that objective and persuasive evidence of regulatory approval is sufficiently probable, and future economic benefit can be asserted. We record pre-launch inventory costs to research and development expenses, or if used in marketing evaluations, record such cost to selling, general and administrative expense. We record property and equipment costs to research and development expenses when the asset does not have an alternative future use. A number of factors are taken into consideration, based on management's judgment, including the current status in the regulatory approval process, potential impediments to the approval process, anticipated research and development initiatives and risk of technical feasibility, viability of commercialization and marketplace trends.

Research and development activities were central to our historical operations. We previously focused our research and development efforts on the stand-alone Talis One COVID-19 test and developing tests for women's and sexual health infections, including a respiratory panel consisting of tests for influenza A, influenza B and COVID-19; Chlamydia trachomatis, Neisseria gonorrhoeae, and Trichomonas vaginalis (CT/NG/TV); herpes simplex virus (HSV); and the Vaginal Infections Panel.

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation and bonus, for personnel in our executive, finance, sales and product management, commercial operations, human resources and legal functions. Selling, general and administrative expenses also include professional fees for legal, auditing, tax and consulting services, insurance fees, information technology, and facility-related expenses, which include direct depreciation expenses and allocated expenses for rent and maintenance of facilities and other operating expenses.

Other income (expense)

Other income (expense), net consists primarily of interest income on cash deposits held at financial institutions, gains and losses on holdings invested in money market funds and gains and losses on the disposal of property and equipment.

Results of operations

Comparison for the three months ended March 31, 2024 and 2023

The following table summarizes our results of operations (in thousands):

	Three Months Ended March 31,		
(in thousands)	**2024**	**2023**	**Change**
Revenue			
Grant revenue	$ —	$ 1,081	$ (1,081)
Product revenue, net	73	137	(64)
Total revenue, net	73	1,218	(1,145)
Operating expenses:			
Cost of product sold	6	20	(14)
Research and development	2,533	13,796	(11,263)
Selling, general and administrative	11,651	6,399	5,252
Total operating expenses	14,190	20,215	(6,025)
Loss from operations	(14,117)	(18,997)	4,880
Other income, net	1,082	1,166	(84)
Net loss and comprehensive loss	$ (13,035)	$ (17,831)	$ 4,796

Grant revenue and product revenue, net

Grant revenue relates to the NIH grant. The Company did not recognize any revenue related to this grant during the three months ended March 31, 2024. During the three months ended March 31, 2023, the Company recognized $1.1 million of revenue related to this grant.

We began to generate product sales during January 2022 after we entered into a distribution agreement to sell the Antigen Tests. The change in product revenue, net is driven by the conclusion of the program at the end of 2022. During the three months ended March 31, 2024 and 2023, we earned immaterial amounts of revenue from the remaining sales of Antigen Tests already on hand.

Cost of product sold

The decrease in product revenue and cost of product sold during the three months ended March 31, 2024 is due to increased volume in units sold during the three months ended March 31, 2023 whereas we did not conduct similar product revenue generating activities during the same period in 2024.

Research and development expenses

Research and development expenses for the three months ended March 31, 2024 and 2023 were $2.5 million and $13.8 million, respectively, a decrease of $11.3 million. Substantially all of our research and development expenses incurred were related to the development of and manufacturing scale-up for the Talis One system including tests to detect COVID-19 as well as other respiratory, women's health and sexual health tests. The decline of $11.3 million was driven by a reduction of $3.2 million in payroll and related expenses as a result of the November 2023 RIF and a decrease of $3.4 million in manufacturing costs as we ceased substantially all of our research and development and manufacturing activities while our Board of Directors considers strategic alternatives.

We incurred $2.0 million of expense during the three months ended March 31, 2023 to purchase a license for patents, cartridge raw materials and components in connection with the termination of our supply agreement with a contract manufacturer which we did not incur during the same period in 2024. A decrease of $1.3 million in pre-launch inventory costs and a decrease of $1.1 million in costs for the use of outside services also contributed to the decrease in research and development expenses for the three months ended March 31, 2024.

Selling, general and administrative expenses

Selling, general and administrative expenses were $11.7 million for three months ended March 31, 2024, compared to $6.4 million for the three months ended March 31, 2023, an increase of $5.3 million. This increase was primarily due to the long-lived asset impairment charges of $1.1 million related to property and equipment and $3.9 million related right-of-use assets recorded during the three months ended March 31, 2024. There was no impairment charge recorded for the three months ended March 31, 2023. An increase of $2.0 million in legal fees also contributed to the increase in selling, general and administrative expenses for the three months ended March 31, 2024. These increases were partially offset by a reduction of $1.6 million in payroll and related expenses as a result of the November 2023 RIF.

Liquidity and capital resources

Sources of liquidity

As of March 31, 2024, we had unrestricted cash and cash equivalents of $70.3 million. We have funded our operations primarily through public equity offerings, private placements of equity securities and through government grants. We believe our unrestricted cash and cash equivalents balance as of March 31, 2024 is sufficient to fund our operations for at least the next 12 months from the date our financial statements are issued. We expect to finance our future operations with our existing unrestricted cash and cash equivalents and through one or more possible strategic alternatives. However, there is no guarantee that any of these strategic opportunities will be executed or realized on favorable terms, if at all, and some could be dilutive to existing stockholders.

On February 17, 2021, we completed our initial public offering (IPO), pursuant to which we issued and sold 1,058,000 shares (15,870,000 shares pre-Reverse Stock Split) of our common stock, at a public offering price of $240 per share ($16.00 per share pre-Reverse Stock Split). The net proceeds from the IPO were $232.5 million after deducting underwriting discounts and commissions and other offering expenses.

In November 2023, in connection with our plans to consider strategic alternatives, reduce costs and preserve cash, we terminated approximately 90% of our work force. During the three months ended March 31, 2024, we incurred $0.2 million of expenses related to the November 2023 RIF which consisted primarily of costs related to retention agreements for employees if they maintain satisfactory job performance and remain employed with the Company through the completion of a sale, merger or voluntary reorganization, liquidation or dissolution of the Company. Expenses related to the November 2023 RIF are included in Selling, general and administrative and Research and development expenses in the condensed statement of operations and comprehensive loss. Depending on the outcome of our plans to consider strategic alternatives, we expect to incur approximately $0.5 million of additional expenses related to the November 2023 RIF, substantially all of which will consist of charges related to the staff reduction.

Cash flows

The following table summarizes our cash flows for each of the periods presented:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash used in operating activities	$ (6,427)	$ (16,465)
Net cash provided by /(used in) investing activities	30	(24)
Net cash provided by financing activities	2	33
Net decrease in cash, cash equivalents and restricted cash	$ (6,395)	$ (16,456)

Operating activities

During the three months ended March 31, 2024, net cash used in operating activities was $6.4 million, primarily resulting from our net loss of $13.0 million and a decrease of $2.0 million in accrued expenses and other liabilities. These outflows were partially offset by

an increase of $2.3 million in accounts payable as well as non-cash items including long-lived asset impairment charges of $1.1 million related to property and equipment and $3.9 million related right-of-use assets and $0.6 million of stock-based compensation.

The reduction in net cash used in operating activities during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 was driven by lower employee compensation costs as a result of the November 2023 RIF and other cost reductions as we ceased substantially all of our research and development and manufacturing activities while our Board of Directors considers strategic alternatives.

During the three months ended March 31, 2023, net cash used in operating activities was $16.5 million, primarily resulting from our net loss of $17.8 million. These outflows were partially offset by non-cash items of $1.2 million of stock-based compensation, $0.8 million of non-cash lease expense and $0.2 million of depreciation and amortization, as well as a decrease in prepaid expenses and other current assets of $1.3 million driven by the amortization of insurance-related prepaid expenses.

Investing activities

During the three months ended March 31, 2024, our cash provided by investing activities related to proceeds from the disposal of property and equipment as compared to cash used in investing activities for purchases of property and equipment during the three months ended March 31, 2023.

Financing activities

During the three months ended March 31, 2024, our cash provided by financing activities was related to proceeds from stock option exercises, while our cash provided by financing activities during the three months ended March 31, 2023 was related to proceeds from stock purchases pursuant to the Company's employee stock purchase plan.

Contractual obligations and commitments

Leases

See Note 6. Commitments and contingencies, to our unaudited condensed financial statements included in Item 1 of this Quarterly Report for a summary of our operating lease commitments as of March 31, 2024.

In March 2023, the Company entered into a lease termination agreement with the landlord of our former Redwood City, CA facility. The Company incurred immaterial customary termination and broker fees during the three months ended March 31, 2023. The lease of our former Redwood City, CA facility was terminated on May 12, 2023.

In March 2023, the Company entered into a sublease for laboratory and office space in our current Redwood City, CA facility. The sublease will continue for a term of 7 years, with no option to extend. The minimum annual commitment under the new sublease is approximately $1.0 million with fixed escalations of 3.5% per annum. The sublease commenced for accounting purposes on May 1, 2023 and the Company recorded a lease liability and corresponding right-of-use asset and liability of $7.3 million. While the sublease is still in effect, in November 2023, the Company decided to cease operations in its Redwood City laboratory and office facility and has consolidated all of its operations to its Chicago office during the three months ended March 31, 2024.

Purchase commitments

Currently, we have no material long-term purchase commitments.

Critical accounting policies and significant judgments and estimates

This discussion and analysis of financial condition and results of operation is based on our unaudited condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

Our accounting policies and estimates are discussed in our Annual Report. As of March 31, 2024 there have been no material changes to the items disclosed as critical accounting policies and estimates in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II—Item 7 of our Annual Report.

Recently issued accounting pronouncements

There are no accounting pronouncements pending at March 31, 2024 that we expect to have a material impact on our financial statements or disclosures.

Recently adopted accounting standards

We did not adopt any new accounting standards during the three months ended March 31, 2024.

Emerging growth company status

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an emerging growth company may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Therefore, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to avail ourselves of this extended transition period and, as a result, we may adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-public companies instead of the dates required for other public companies. However, we may early adopt these standards.

In addition, as an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- reduced disclosure about the compensation paid to our executive officers;
- not being required to submit to our stockholders' advisory votes on executive compensation or golden parachute arrangements;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act; and
- an exemption from new or revised financial accounting standards until they apply to private companies and from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation.

We may take advantage of these exemptions for up to the last day of the fiscal year ending after the fifth anniversary of our initial public offering, which is December 31, 2026, or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company on the date that is the earliest of (1) the last day of the fiscal year in which we have total annual gross revenues of $1.24 billion or more; (2) the last day of our fiscal year following the fifth anniversary of the date of our initial public offering; (3) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (4) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these exemptions.

We are also a "smaller reporting company" meaning that the market value of our stock held by non-affiliates is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (CEO) and Interim Chief Financial Officer (Interim CFO), has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the Exchange Act)) as of the end of the period covered by this Quarterly Report required by Exchange Act Rules 13a-15(b) or 15d-15(b).

Disclosure controls and procedures are designed to reasonably assure that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed to reasonably assure that this information is accumulated and communicated to our management, including the CEO and Interim CFO, to allow timely decisions regarding required disclosure. Based on this evaluation, the CEO and Interim CFO concluded that, as of March 31, 2024, the Company’s disclosure controls and procedures were effective at a reasonable assurance level.

Changes in internal control over financial reporting.

There have been no changes in the Company's internal control over financial reporting that have materially affected, or that are reasonably likely to materially affect, the Company’s internal control over financial reporting during the three months ended March 31, 2024.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we have been and may become involved in legal proceedings arising in the ordinary course of our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors, and there can be no assurances that favorable outcomes will be obtained.

On or about January 7, 2022, John Modrak filed a class action in the United States District Court for the Northern District of California against the Company, certain of its officers and directors, and J.P. Morgan Securities LLC, BofA Securities, Inc., Piper Sandler & Co., and BTIG, LLC, underwriters of the Company's February 2021 initial public offering ("IPO"), captioned as Modrak v. Talis Biomedical Corp., et al., No. 3:22-cv-00105, purportedly on behalf of shareholders who purchased shares of the Company's stock that were registered in the Company's IPO. On February 18, 2022, Karen Mitcham filed a substantively identical lawsuit in the same court captioned as Mitcham v. Talis Biomedical Corp., et al., No. 3:22-cv-01039-JD, against the Company, and the same officers and directors as the Modrak lawsuit. These two cases were consolidated and co-lead plaintiffs were appointed as mandated by the applicable federal securities laws. On December 9, 2022, the Court granted the Company's motion to dismiss and gave plaintiffs leave to amend their consolidated complaint. On January 13, 2023, the plaintiffs filed an amended complaint, asserting claims for violation of Section 11 of the Securities Act of 1933 ("Securities Act") against all defendants and Section 15 of the Securities Act against the individual defendants. The amended complaint alleges that the Company's registration statement and prospectus issued in connection with the Company's IPO was false and misleading, and omitted to state material adverse facts, related to (1) instrument manufacturing, (2) the reliability and accuracy of the Company's Talis One COVID-19 test, and (3) the comparator test used in the Company's primary study in support of its EUA application for the Talis One COVID-19 Test System. The amended complaint seeks unspecified damages under Sections 11 and 15 of the Securities Act, reasonable attorneys' fees, and other costs. The amended complaint does not assert claims against the above referenced underwriters. On April 28, 2023, the Court denied our motion to dismiss. On February 9, 2024, the Court certified the class and appointed plaintiff Martin Dugan as class representative. Discovery is ongoing. Trial is currently set for February 24, 2025.

On or about March 29, 2024, Kriya Therapeutics, Inc., filed an action in the Superior Court of the State of California, County of San Mateo, against the Company captioned Kriya Therapeutics, Inc. v. Talis Biomedical Corporation, Case No. 24-CIV-01947. The complaint alleges that the Company breached the March 2023 sublease for laboratory and office space in its current Redwood City, CA facility referenced above by: (i) allegedly failing to pay rent and other costs allegedly due under the sublease; (ii) allegedly abandoning the premises; and (iii) allegedly failing to maintain certain maintenance agreements for the premises. The complaint seeks unspecified damages, pre- and post-judgment interest, costs of suit including attorneys' fees and other unspecified costs. The Company's response to the complaint is due on May 9, 2024. The action has been assigned for all purposes to the Honorable V. Raymond Swope in Department 23 of the Superior Court for the State of California, County of San Mateo. An initial case management conference has been set before the Civil Commissioner of the court for August 28, 2024. No trial date has been set in the action.

Item 1A. Risk Factors.

The risk factor titled "We may not be successful in completing a strategic transaction within a reasonable timeframe, on attractive terms or at all. If we are unable to complete a strategic transaction, then we may cease all operations and seek stockholder approval to voluntarily dissolve and liquidate the Company" beginning on page 18 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 is hereby supplemented, amended and restated in its entirety to read as follows:

If we are unable to complete a strategic transaction within a reasonable timeframe, on attractive terms or at all, then we may cease all operations or pursue a voluntary reorganization, liquidation or dissolution of the Company.

Since November 2023, we have ceased substantially all of our research and development and manufacturing activities while our Board of Directors considers strategic alternatives. We may be unable to complete a strategic transaction within a reasonable timeframe, on attractive terms or at all, and market conditions, including the historical volatility in our common stock will likely limit our ability to raise capital on favorable terms, or at all, and the terms of any public or private offerings of debt or equity securities likely would be significantly dilutive to existing stockholders. There is no set timetable for the overall process given the anticipated timelines for different strategic alternatives may vary, and there can be no assurance that this process will result in us pursuing a transaction or that any transaction, if pursued, will be completed on attractive terms or at all. Given these challenges, if we are unable to complete a strategic transaction, then we may cease all operations and seek a voluntary reorganization, liquidation or dissolution of the Company, which may be in the form of a voluntary bankruptcy petition under Chapters 7 or 11 of the United States Code or a stockholder approved plan of liquidation and dissolution. The completion of a strategic transaction or the voluntary reorganization, dissolution or

liquidation of the Company each would have a material adverse effect on our growth strategy and our results of operations and financial condition.

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

(a) Recent sales of unregistered securities

None.

(b) Use of Proceeds from our Initial Public Offering of Common Stock

In February 2021, our Registration Statement on Form S-1 (File No: 333-252360) was declared effective by the SEC. We received approximately $233 million in net proceeds from our initial public offering. Through March 31, 2024, we have used all of the net proceeds from the offering primarily to fund our research and development activities, manufacturing scale-up project and pre-launch inventory.

Due to significant delays in obtaining regulatory clearance and to produce the Talis One system at scale, which in turn delayed the commercialization of the Talis One system, we have used a larger proportion of the net proceeds from our initial public offering for research and development expenses and a smaller proportion for commercial activities than our original estimates in our prospectus filed with the SEC on February 12, 2021 pursuant to Rule 424(b)(4). Other than the foregoing, there have been no other no material changes in the planned use of proceeds from our initial public offering from that described in the related prospectus filed February 12, 2021 with the SEC pursuant to Rule 424(b)(4) under the Securities Act.

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 3. Defaults Upon Senior Securities.

(a) Not Applicable.

(b) Not Applicable.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

a) None.

b) None.

c) Not applicable.

Item 6. Exhibits.

Exhibit Number	Description
10.1	Waiver of Registration Rights entered into as of March 25, 2024 by and between the Registrant and Baker Brothers Life Sciences L.P. and 667, L.P. (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K (File No. 001-40047), filed with the SEC on March 28, 2024).
10.2	Waiver of Registration Rights entered into as of April 29, 2024 by and between the Registrant and Baker Brothers Life Sciences L.P. and 667, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-40047), filed with the SEC on May 3, 2024).
10.3+*	Retention Agreement, dated April 10, 2024, by and between the Company and Rebecca Markovich, Interim Chief Financial Officer.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101

* Certain portions of this exhibit (indicated by "[*]") have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.
\+ Indicates management contract or compensatory plan

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.

TALIS BIOMEDICAL CORPORATION

Date: May 8, 2024 By: /s/ Robert J. Kelley

Robert J. Kelley
Chief Executive Officer

Date: May 8, 2024 By: /s/ Rebecca L. Markovich

Rebecca L. Markovich
Interim Chief Financial Officer

Exhibit 10.3

April 10, 2024
Retention Agreement #2

Rebecca Markovich
[Address redacted]
[...]@gmail.com

Dear Rebecca,

We appreciate and value your contributions to Talis Bio. In an effort to incentivize you to maintain your at-will employment with us, we are pleased to offer you a one-time lump-sum retention bonus of $89,250.00 (gross), subject to the terms and conditions below. This retention bonus is designed to reward continued great performance, professional attitude, ongoing collaboration and teamwork, as well as your continued contributions to Talis Biomedical.

The designated retention bonus period is from the date you sign the letter through the achievement of these business-critical milestones listed in the bullets below. To be eligible to earn this retention bonus, you must meet the following requirements:

- Be actively employed through the completion of the milestones indicated.
- Be in good standing with no written corrective actions or significant performance issues through the milestones indicated.
- Maintain the highest levels of professional integrity and always conduct yourself in alignment with Talis Bio's values.
- If you remain employed through the completion of a sale/merger or wind down of Talis Biomedical, you will receive $89,250.00 less applicable deductions and withholdings.

Your employment remains at-will, meaning that you and Talis Biomedical may terminate the employment relationship at any time, with or without cause, and with or without notice.

Thank you for your continued service and dedication to Talis Bio!

Sincerely,

Matthew Pepe
VP, Human Resources

I, hereby accept the terms of this retention bonus as set forth above.

Printed name: Rebecca L. Markovich

Signature: /s/ Rebecca L. Markovich

Date: April 10, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Kelley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Talis Biomedical Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Robert J. Kelley
Robert J. Kelley
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rebecca L. Markovich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Talis Biomedical Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Rebecca L. Markovich
Rebecca L. Markovich
Interim Chief Financial Officer
(Interim Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Talis Biomedical Corporation (the "Company") on Form 10-Q for the three months ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I hereby certify to the best of my knowledge, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2024

By: /s/ Robert J. Kelley

Robert J. Kelley
Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Talis Biomedical Corporation (the "Company") on Form 10-Q for the three months ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I hereby certify to the best of my knowledge, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2024

By: /s/ Rebecca L. Markovich

Rebecca L. Markovich
Interim Chief Financial Officer
(Interim Principal Financial and Accounting Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.