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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 7, 2021

VERACYTE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36156
Commission File Number

20-5455398
(IRS Employer Identification
No.)

6000 Shoreline Court, Suite 300, South San Francisco, California
(Address of principal executive offices)

94080
(Zip Code)

Registrant's telephone number, including area code: **(650) 243-6300**

N/A

(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value, \$0.001 per share	VCYT	The Nasdaq Stock Market LLC

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2021, Veracyte, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2021. The full text of the press release is furnished as Exhibit 99.1 to this report.

The information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 10, 2021, the Company announced that the Board of Directors of the Company (the “Board”) appointed Marc Stapley as the Chief Executive Officer of the Company, effective as of June 1, 2021 (the “Transition Date”), and as a Class II director of the Board, effective following the Company’s annual meeting of stockholders to be held on June 7, 2021. Effective as of the Transition Date, Bonnie H. Anderson, the Company’s Chief Executive Officer and chairman of the Board, will resign from her position as Chief Executive Officer and be appointed as the Company’s Executive Chair. Ms. Anderson will continue to serve on the Board.

Prior to his appointment, Mr. Stapley served as the Chief Executive Officer of Helix OpCo, LLC, a genomics company, from April 2019 to May 2021. Prior to that, Mr. Stapley served in key managerial positions at Illumina, Inc., a genetic sequencing company, including as Chief Financial Officer from January 2012 to January 2017, as Chief Administrative Officer from December 2015 to October 2017, and from as Executive Vice President from October 2017 to January 2019. From 2009 to 2012, Mr. Stapley served as Senior Vice President, Finance at Pfizer Inc., a pharmaceutical company. Mr. Stapley has served as a member of the board of directors of Glaukos Corporation, an ophthalmic medical technology company, since July 2014, and has served as a member of the board of directors of Helix since April 2019. Mr. Stapley holds a B.Sc. (Honors) in Mathematics from The University of Reading (England) and is a member of the Institute of Chartered Accountants in England and Wales.

There is no arrangement or understanding between Mr. Stapley and any other persons pursuant to which he was selected as Chief Executive Officer or director. Mr. Stapley has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with his appointment as Chief Executive Officer, on May 7, 2021, Mr. Stapley entered into a letter agreement (the “Letter Agreement”) with the Company, effective as of the Transition Date, which includes the following terms: (i) an annual base salary of \$600,000 per year (the “Base Salary”), (ii) an annual discretionary bonus of up to 100% of Mr. Stapley’s Base Salary subject to the achievement of performance objectives, (iii) a restricted stock unit (the “RSU Award”) representing the opportunity to receive an aggregate of approximately \$2 million in shares of the Company’s common stock (“Common Stock”), with the shares underlying the RSU Award vesting as to 1/4th of such shares on June 2, 2022, and then in equal quarterly installments over the following 12 quarters, so long as Mr. Stapley continues to provides services to the Company through such vesting dates, (iv) an option to purchase approximately \$3 million in shares of Common Stock, vesting as to 1/4th of such shares on June 1, 2022, and then in equal monthly installments over the following 36 months, so long as Mr. Stapley continues to provides services to the Company through such vesting dates and (v) a performance-based restricted stock unit (the “PSU Award”) representing the opportunity to receive an aggregate of approximately \$1 million in shares of Common Stock, vesting as to 1/3rd of the shares covered by such PSU Award upon the Board’s determination that the Company achieved certain performance metrics for the year ending December 31, 2022, and as to 2/3rds of the shares covered by such PSU Award upon the Board’s determination that the Company achieved certain performance metrics for the year ending December 31, 2023, on the same terms and conditions as performance-based restricted stock units granted to the Company’s other executive officers in February 2021, and so long as Mr. Stapley continues to provides services to the Company through such vesting dates.

In addition, Mr. Stapley will enter into a Change of Control and Severance Agreement (the “Change of Control Agreement”) with the Company, which will be effective as of the Transition Date. The Change of Control Agreement entitles Mr. Stapley to certain severance payments and other benefits if his employment is terminated by the Company without “cause,” or upon his resignation for “good reason,” each as defined in the Change of Control Agreement. Upon any such termination of Mr. Stapley’s employment not related to a Change Of Control (as defined in the Change of Control Agreement), he would be entitled to receive: a severance payment equal to 100% of his then-current base salary; a prorated amount of his target bonus for the then-current fiscal year based upon the Company’s actual performance for such year; and reimbursement for any COBRA coverage elected by Mr. Stapley for himself and his covered dependents through the earlier of (i) 12 months following such termination and (ii) the date Mr. Stapley and his covered dependents become eligible for coverage under another employer’s plans. If Mr. Stapley’s termination without “cause” or resignation for “good reason” occurs between two months prior to and 12 months following a Change of Control of the Company, then he would be entitled to receive: a severance payment equal to 200% of his then-current base salary; a bonus payment equal to 200% of the greater of: (A) the greater of (x) Mr. Stapley’s target bonus for the fiscal year in which the Change of Control occurs or (y) Mr. Stapley’s target bonus as in effect for the fiscal year in which the termination of his employment occurs, or (B) Mr. Stapley’s actual bonus for performance during the calendar year prior to the calendar year during which the termination of employment occurs; reimbursement for any COBRA coverage elected by Mr. Stapley for himself and his covered dependents through the earlier of (i) 24 months following such termination and (ii) the date Mr. Stapley and his covered dependents become eligible for coverage under another employer’s plans; and 100% vesting acceleration of then-unvested and outstanding equity awards, provided that for any then-unvested and outstanding performance-based equity awards, any applicable performance criteria will be deemed achieved at the target level unless otherwise set forth in the applicable award agreement. In connection with his appointment as Chief Executive Officer, Mr. Stapley will enter into the Company’s standard form of indemnification agreement, which is filed as Exhibit 10.1 to the Company’s Registration Statement on Form S-1 filed with the U.S. Securities and Exchange Commission on October 7, 2013 (File No. 333-191282).

The foregoing summaries of the Letter Agreement and Change in Control Agreement do not purport to be complete and are subject to, and qualified in their entirety by, the Letter Agreement and Change in Control Agreement, which will be filed as exhibits to the Company’s Quarterly Report on Form 10-Q for the quarter ending June 30, 2021.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Veracyte, Inc. dated May 10, 2021.

SIGNATURE

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 hereunto duly authorized.

Dated: May 10, 2021

VERACYTE, INC.

By: /s/ BONNIE H. ANDERSON

Name: Bonnie H. Anderson

Title: *Chief Executive Officer*

Principal Executive Officer



Veracyte Announces First Quarter 2021 Financial Results

Total Revenue of \$36.7 Million Increased 18%; Volume Grew 11% to 14,437 Tests

Completed Acquisition of Decipher Biosciences, Expanding Reach Into 7 of the Top 10 Cancers in the United States

Pivotal Validation Data for Percepta Nasal Swab Lung Cancer Test To Be Presented at ASCO

Conference Call and Webcast Today at 4:30 p.m. ET

SOUTH SAN FRANCISCO, Calif., May 10, 2021 -- Veracyte, Inc., (Nasdaq: VCYT) today announced financial results for the first quarter ended March 31, 2021, which were in line with its previously announced, preliminary first-quarter results. The company also provided an update on recent business progress.

"We delivered strong financial results for the first quarter of 2021, with particular momentum in March, as our business continues to emerge from the COVID-19 pandemic," said Bonnie Anderson, chairman and chief executive officer of Veracyte. "On March 12, we completed our acquisition of Decipher Biosciences which, with its market-leading urologic cancer portfolio, expands our reach into 7 of the top 10 cancers in the U.S. and will accelerate revenue growth.

"Additionally, we are excited to unveil pivotal clinical validation data at ASCO for our Percepta Nasal Swab test for early lung cancer detection. We expect to launch it and the Percepta Genomic Atlas as part of our comprehensive lung cancer portfolio later this year. We also anticipate strengthening our global commercial footprint with the introduction of the Envisia classifier, for improved diagnosis of interstitial lung diseases, on the nCounter Analysis System by the end of this year."

First Quarter 2021 Financial Results

For the three months ended March 31, 2021, compared to the prior year (Decipher Biosciences one-time acquisition-related expenses in the first quarter of 2021 increased our operating expenses, net loss and net cash used in operations by \$35.1 million and our net loss per share by \$0.55):

- *Total Revenue* was \$36.7 million, including \$3.8 million for urologic cancer testing, an increase of 18%;
- *Gross Margin* was 66%;
- *Operating Expenses* were \$82.1 million. *Operating Expenses, Excluding Cost of Revenue*, were \$69.7 million, including \$35.1 million related to the acquisition of Decipher Biosciences;
- *Net Loss and Comprehensive Loss* was \$41.9 million, including \$35.1 million of expenses related to the acquisition of Decipher Biosciences;
- *Basic and Diluted Net Loss Per Common Share* was \$0.66, including \$0.55 per share attributable to the acquisition related expenses recorded in G&A;
- *Net Cash Used in Operating Activities* was \$40.6 million; and
- *Cash and Cash Equivalents* were \$324.1 million at March 31, 2021.

First Quarter 2021 and Recent Business Highlights

Commercial Growth:

- Total genomic testing and product revenue was \$36.1 million, an increase of 19%, compared to the first quarter of 2020.
- Total genomic volume was 14,437 tests, an increase of 11%, compared to prior year, including 1,560 tests from Decipher Biosciences.
- Continue to expect a mid-year Medicare coverage decision for Decipher Bladder test, which will allow us to leverage our urology sales footprint to accelerate commercial adoption.
- Launched General Manager-based global structure, vertically aligning commercial teams within each clinical indication to provide enhanced focus and clinical expertise. Also added key new hires in marketing, managed care and international market access to support multiple new product launches and global expansion later this year.

Evidence Development and Pipeline Advancement:

- Six abstracts for our pulmonology products accepted as posters at the American Thoracic Society (ATS) 2021 International Conference this month:
 - Percepta Genomic Atlas – New data demonstrating the test's ability to inform treatment decisions on the same sample used in diagnosis, in anticipation for product launch in Q4 2021.
 - Envisia – New data from five abstracts demonstrates the test's clinical utility and our ability to enable the CLIA lab-based test on the nCounter Analysis System, in anticipation of the test's international launch later this year.
- Six abstracts for our oncology tests accepted for the ASCO Annual Meeting in June, including:
 - Percepta Nasal Swab – Pivotal, multicenter, double-blind clinical validation data for test to enable early lung cancer detection, setting the stage for anticipated product launch in 2H 2021.
 - Decipher Prostate – Two abstracts, including an oral presentation showing test's ability to identify African American men with higher likelihood of aggressive prostate cancer, will help further distinguish Decipher Prostate from other prostate cancer genomic tests.
 - Afirma XA – New data demonstrate the test's ability to identify patients with gene alterations who may benefit from targeted therapies – at the time of diagnosis.
- Two abstracts presented as posters at the European Society of Medical Oncology (ESMO) Breast Cancer Virtual Congress 2021 meeting this month highlighted potential applications of the PAM50 biomarker on which the Prosigna test is based, as well as initial results from the PROCURE study, which aims to develop consensus around the use of breast cancer genomic tests, including Prosigna.
- First patient enrolled and randomized in a study using Veracyte's LymphMark lymphoma subtyping test to identify and enroll patients with untreated DLBCL who may benefit from Acerta Pharma and AstraZeneca's Calquence® in combination with a traditional chemoimmunotherapy regimen.

Financing:

- Issued and sold 8,547,297 shares of common stock in February 2021, including 1,114,864 shares sold upon full exercise of the underwriters' option to purchase additional shares, at a price to the public of \$74.00 per share. The net proceeds to Veracyte from the offering were approximately \$593.8 million.
- Veracyte used a portion of the net proceeds from the offering, together with its existing cash and cash equivalents, to finance its \$600 million cash acquisition of Decipher, which was completed in March 2021. The company intends to use the remaining net proceeds of the offering for working capital and other general corporate purposes, which may include acquiring or investing in complementary businesses, technologies or other assets.

Additionally, in March 2021, the company announced the appointment of Muna Bhanji, a global senior healthcare executive, to its board of directors.

2021 Financial Outlook

Veracyte is reiterating its previous 2021 annual total revenue guidance of approximately \$190 million to \$200 million, representing growth of approximately 65% over 2020 at the midpoint of the range.

Conference Call and Webcast Details

Veracyte will host a conference call and webcast today at 4:30 p.m. Eastern Time to discuss the company's financial results and provide a general business update. The conference call will be webcast live from the company's website and will be available via the following link: <https://edge.media-server.com/mmc/p/j5wohmjh>. The webcast should be accessed 10 minutes prior to the conference call start time. A replay of the webcast will be available for one year

following the conclusion of the live broadcast and will be accessible on the company's website at <https://investor.veracyte.com/events-presentations>.

The conference call can be accessed as follows:

U.S./Canada participant dial-in number (toll-free):	(855) 541-0980
International participant dial-in number:	(970) 315-0440
Conference I.D.:	2846256

About Veracyte

Veracyte (Nasdaq: VCYT) is a global genomic diagnostics company that improves patient care by providing answers to clinical questions, informing diagnosis and treatment decisions throughout the patient journey in cancer and other diseases. The company's growing menu of genomic tests leverage advances in genomic science and technology, enabling patients to avoid risky, costly diagnostic procedures and quicken time to appropriate treatment. The company's tests in lung cancer, prostate cancer, breast cancer, thyroid cancer, bladder cancer and idiopathic pulmonary fibrosis are available to patients and its lymphoma subtyping and renal cancer tests are in development. With Veracyte's exclusive global license to a best-in-class diagnostics instrument platform, the company is positioned to deliver its tests to patients worldwide. Veracyte is based in South San Francisco, California. For more information, please visit www.veracyte.com and follow the company on Twitter (@veracyte).

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements, including, but not limited to, our statements related to our expected financial results for 2021 and our plans, objectives, expectations (financial and otherwise) or intentions with respect to our Prosigna, Afirma, Percepta, Envisia, LymphMark, Decipher Prostate, Percepta Nasal Swab, Percepta Genomic Atlas and Envisia Classifier test and products for use in diagnosing and treating diseases, our expectations regarding Medicare coverage, and our commercial organization. Forward-looking statements can be identified by words such as: "appears," "anticipate," "intend," "plan," "expect," "believe," "should," "may," "will," "positioned," "designed" and similar references to future periods. Actual results may differ materially from those projected or suggested in any forward-looking statements. These statements involve risks and uncertainties, which could cause actual results to differ materially from our predictions, and include, but are not limited to Veracyte's ability to launch, commercialize and receive reimbursement for our products, to successfully integrate the Decipher Biosciences business and execute on our business plans; and the performance and utility of Veracyte's tests in the clinical environment. Additional factors that may impact these forward-looking statements can be found under the caption "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on February 22, 2021 and our subsequent quarterly reports on Form 10-Q. A copy of these documents can be found at the Investors section of our website at www.veracyte.com. The risks and uncertainties may be amplified by the COVID-19 pandemic, which has caused significant economic uncertainty. The extent to which the COVID-19 pandemic impacts Veracyte's businesses, operations, and financial results, including the duration and magnitude of such effects, will depend on numerous factors, which are unpredictable, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. These forward-looking statements speak only as of the date hereof and, except as required by law, Veracyte specifically disclaims any obligation to update these forward-looking statements or reasons why actual results might differ, whether as a result of new information, future events or otherwise.

Veracyte, Afirma, Percepta, Envisia, Prosigna, "Know by Design" and the Veracyte, Afirma, Percepta, Envisia, Prosigna and Decipher logos are registered trademarks of Veracyte in the U.S. and selected countries. Decipher Biopsy, Decipher RP, Decipher Bladder and Decipher GRID are trademarks of Decipher Biosciences. Veracyte has common law rights and pending trademark applications for LymphMark and "More About You."

nCounter is the registered trademark of NanoString Technologies, Inc. in the United States and other countries and used by Veracyte under license.

VERACYTE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands of dollars, except share and per share amounts)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Testing revenue	\$ 33,078	\$ 26,991
Product revenue	3,059	3,409
Biopharmaceutical revenue	566	722
Total revenue	<u>36,703</u>	<u>31,122</u>
Operating Expenses:		
Cost of testing revenue	10,832	10,568
Cost of product revenue	1,490	1,559
Cost of biopharmaceutical revenue	81	116
Research and development	5,336	4,407
Selling and marketing	16,296	17,584
General and administrative	46,282	7,813
Intangible asset amortization	1,801	1,275
Total operating expenses	<u>82,118</u>	<u>43,322</u>
Loss from operations	(45,415)	(12,200)
Interest expense	(53)	(55)
Other (loss) income, net	(195)	539
Loss before income tax benefit	(45,663)	(11,716)
Income tax benefit	(3,795)	—
Net loss and comprehensive loss	<u>\$ (41,868)</u>	<u>\$ (11,716)</u>
Net loss per common share, basic and diluted	<u>\$ (0.66)</u>	<u>\$ (0.24)</u>
Shares used to compute net loss per common share, basic and diluted	<u>63,331,702</u>	<u>49,792,631</u>

VERACYTE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2021 (Unaudited)	December 31, 2020 (See Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 324,062	\$ 349,364
Accounts receivable	27,877	18,461
Supplies	6,308	4,657
Prepaid expenses and other current assets	3,845	3,197
Total current assets	362,092	375,679
Property and equipment, net	10,562	8,990
Right-of-use assets - operating lease	15,186	7,843
Intangible assets, net	159,423	59,924
Goodwill	474,838	2,725
Restricted cash	749	603
Other assets	2,286	1,399
Total assets	\$ 1,025,136	\$ 457,163
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,137	\$ 3,116
Accrued liabilities	16,254	11,705
Current portion of deferred revenue	454	371
Current portion of acquisition related contingent consideration	5,986	—
Current portion of operating lease liability	2,878	1,589
Total current liabilities	32,709	16,781
Long-term debt	863	810
Deferred revenue, net of current portion	747	829
Deferred tax liability	750	—
Acquisition-related contingent consideration, net of current portion	1,800	7,594
Operating lease liability, net of current portion	14,036	9,917
Total liabilities	50,905	35,931
Total stockholders' equity	974,231	421,232
Total liabilities and stockholders' equity	\$ 1,025,136	\$ 457,163

(1) The condensed balance sheet at December 31, 2020 has been derived from the audited financial statements at that date included in the Company's Form 10-K filed with the Securities and Exchange Commission dated February 22, 2021.

VERACYTE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of dollars)

	Three Months Ended March 31,	
	2021	2020
Operating activities		
Net loss	\$ (41,868)	\$ (11,716)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,550	1,972
Stock-based compensation	3,855	2,905
Benefit from income taxes	(3,795)	—
Interest on end-of-term debt obligations	53	54
Write-down of excess supplies	—	1,088
Noncash lease expense	258	232
Revaluation of acquisition-related contingent consideration	192	(484)
Effect of foreign currency on operations	82	—
Changes in operating assets and liabilities:		
Accounts receivable	(3,748)	238
Supplies	(10)	(376)
Prepaid expenses and other current assets	132	(818)
Other assets	(58)	135
Operating lease liability	(373)	(331)
Accounts payable	1,931	5,450
Accrued liabilities and deferred revenue	238	(3,650)
Net cash used in operating activities	<u>(40,561)</u>	<u>(5,301)</u>
Investing activities		
Acquisition of business, net of cash acquired	(574,411)	—
Purchases of property and equipment	(1,196)	(665)
Net cash used in investing activities	<u>(575,607)</u>	<u>(665)</u>
Financing activities		
Proceeds from the issuance of common stock in a public offering, net of issuance costs	593,821	—
Payment of taxes on vested restricted stock units	(6,774)	(2,304)
Proceeds from the exercise of common stock options and employee stock purchases	3,965	2,085
Net cash provided by (used in) financing activities	<u>591,012</u>	<u>(219)</u>
Net decrease in cash, cash equivalents and restricted cash	(25,156)	(6,185)
Cash, cash equivalents and restricted cash at beginning of period	349,967	159,920
Cash, cash equivalents and restricted cash at end of period	<u>\$ 324,811</u>	<u>\$ 153,735</u>
Supplementary cash flow information:		
Purchases of property and equipment included in accounts payable and accrued liability	\$ 357	\$ 113
Interest paid on debt	\$ —	\$ 1

CASH, CASH EQUIVALENTS AND RESTRICTED CASH
(Unaudited)
(In thousands of dollars)

	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 324,062	\$ 349,364
Restricted cash	749	603
Total cash, cash equivalents and restricted cash	<u>\$ 324,811</u>	<u>\$ 349,967</u>

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Investor and Media Contact:

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& Investor Relations
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